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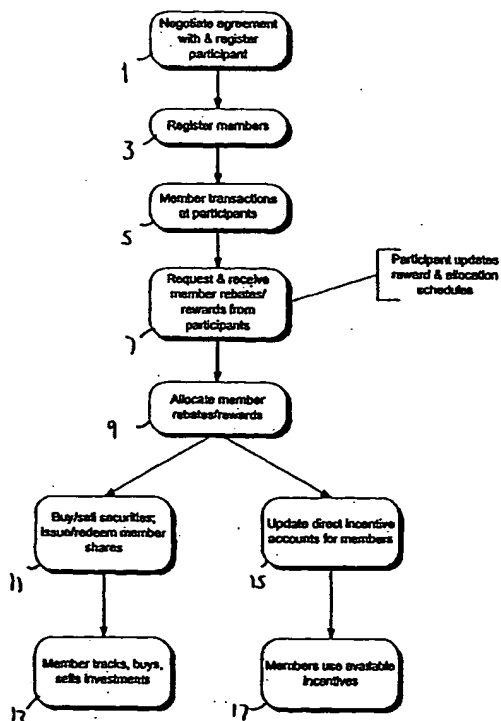
(57) Abstract: This invention encompasses a customer loyalty investment program system and method. The invention is used in e-commerce, or in any commerce using an identification (id) card recognizable as a standard payment card and preferably tracks member transactions. Members receive rebates and other incentives sponsored by program participants for transactions involving participants' goods and services. The method allocates rebates and other incentives among one or more loyalty vehicles, preferably to a fund that invests in securities of at least one participant. The invention also provides for direct incentives immediately available for use and other incentive vehicles. The system includes a web server, a website, a database server with information on members, purchase, participants, incentives and funds for investments, and an input/output means. In the credit card embodiment, incentives come from a card issuer and/or other participants. In the id card embodiment, the card's payment functions may be disabled.

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CUSTOMER LOYALTY PROGRAMS
AND SYSTEMS AND METHODS FOR SUCH
PROGRAMS

1. FIELD OF THE INVENTION

The present invention is directed to customer loyalty programs, and to systems and methods for such programs, that provide a plurality of loyalty vehicles, including for example equity investment programs and current incentives, and that obtain member tracking data from a plurality of sources, including for example merchants and financial networks, such as payment or credit-card networks. In different embodiments, the programs, systems, and methods may be used in e-commerce and in on-line and/or off-line commerce.

2. BACKGROUND OF THE INVENTION

Merchants and credit card companies have developed a number of customer award programs in attempts to incentivize customers, for example by enhancing customer loyalty. Merchants have long offered coupons to customers with the hope that the customers will be enticed to purchase a product with the coupon and subsequently develop some loyalty to the product or the merchant. More recently, merchants and credit card companies have set up programs where customers earn award points through the purchase of products or services with a credit card. The award points may then be redeemed towards other products or services offered by merchants.

As the Internet has gained in popularity as a shopping destination, similar customer award programs have been developed. For example, U.S. Patent No. 5,774,870 describes a fully integrated on-line award program wherein a user earns award points by purchasing products on the offering entity's web site. The offering entity keeps track of these award points, and they may be redeemed by the user to purchase products from an on-line award catalog displayed on the offering entity's web site.

Over the years, investment-based customer award programs have also been offered to customers. For example, U.S. Patent No. 5,297,026 describes a credit card based customer loyalty program wherein the offering entity determines the total amount of credit card purchases a participating customer has made during a given period, and credits an investment account owned by the customer with up to 10% of that total amount. The offering entity has complete discretion over how the money allocated to the customer is invested. It simply guarantees a percentage return on the investment, or ties the

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investment to a published interest rate. The investment is in no way tied to what products
5   the customers have purchased with the credit card.

   Another investment-based customer award program is described in U.S.
Patent No. 5,233,514. This patent describes a customer loyalty program wherein
customers receive credit towards the purchase of stock in a given company by sending in
UPC labels from products that they have purchased from the given company. The entity
10 collecting the UPC labels authenticates the UPC labels and maintains an account that
accumulates the amount of credit the customer has earned. The account is kept such that
when a customer has accumulated enough credit to purchase a share of stock in the given
company, the entity purchases the share in the name of the customer.

   This scheme also has flaws. First, the rebate mechanism is cumbersome for
15 both the customers and the offering entity. Customers must remember to cut out UPC
labels from product packages and mail the labels to the offering entity to receive any credit
for their purchases; and the offering entity has to authenticate, scan, and track the UPC
labels. At least in cases where the dollar value represented by a single UPC label is low,
the cost of maintaining a customer account is likely to be high relative to the value of the
20 stock accumulating in the customer's account. Moreover, the customer can invest only in
the stock of the companies whose products have been bought.

   Additionally, these and other existing schemes suffer from inflexible
customer incentives. Customers can typically use their rewards, points, or other reward
currencies only for purchase of a particular product, or from a fixed product selection, or
25 for purchases from only a certain merchant or manufacturer, or for investments in only
pre-selected equities, or so forth. Once a particular loyalty program has chosen customer
incentives, they are usually virtually impossible to change without change of the entire
program.

   Further, along with the Internet, financial networks that effect consumer
30 payments and funds transfers have developed at a rapid rate. Once credit card transactions
depended on paper receipts and the handling and clearing of these receipts. Now virtually
all such transactions are electronically processed at the point and time of sale via payment-
card networks. This processing already generates consumer transaction information, and
in the future, it is expected that purchase and product details will be available on these
35 networks. In view of modern financial and payment-card (such as credit card) networks
and their expected development, requiring a customer or a merchant to take any but the
most minimal actions to identify a transaction to a loyalty program is an anachronism.

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There thus remains a need for improved customer loyalty programs that are user-friendly, that offer a range of flexible and attractive loyalty vehicles, that are at most minimally intrusive to both merchants and customers, and that are structured to take immediate advantage of current financial and payment-card networks and their further imminent developments.

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Citation or identification of a reference in this Section or any section of this application shall not be construed that such reference is available as prior art to the present invention.

3. SUMMARY OF THE INVENTION

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The present invention solves these problems in the prior art, and has for its objects the provision of customer loyalty programs that , *inter alia*, includes a flexible range of loyalty vehicles for incentivizing customer loyalty. These loyalty vehicles may range from short-term incentives, such as direct and currently available rebates or rewards, to long-term incentives, such as investments in securities that provide deferred but

20 accumulating yields. Moreover, the present invention also includes, *inter alia*, a flexible range of methods for tracking transactions of program members at participating merchants or for products or services of participating manufacturers or suppliers. In addition to receiving tracking information directly from the participants, a preferred embodiment may issue credit-card-like cards to program members that are recognized by credit-card point of

25 sale equipment, and can be processed over credit-card payment networks. When such a card is presented during a member transaction, it automatically causes generation of transaction tracking information transmitted to the loyalty program. In further embodiments, other electronic payment means may be adapted to automatically generate tracking information with virtually no specific member action.

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Loyalty programs of the present invention may preferably be implemented by an administrative entity, an administrator, that receives information from members, participating merchants and other participants, financial networks, and so forth, and transmits instructions to its agents for carrying out the loyalty program. These agents are economic actors, such as banks, brokers, transfer agents, escrow agents, and so forth.

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Loyalty programs of the present invention may be preferably performed on network-attached computer systems operated by the administrator. These systems maintain databases of at least member, participant, and transaction information useful for

performing loyalty-program functions, and they compute incentive monies and other
5   amounts due from participants. They also receive computer messages concerning
members and participants, transactions, the state of administrator and member accounts,
and so forth that are used to update stored data. They also transmit messages containing
instructions, for example, to send and disburse monies, to buy and sell securities, to update
accounts, and so forth. Generally, these systems perform the methods of this invention
10   under the control of computer programs, which may be made available on computer-
readable media.

        These and other features of the present invention will be better understood
after reading the remainder of this application.

15   4. **BRIEF DESCRIPTION OF THE FIGURES**

        The present invention may be understood more fully by reference to the
following detailed description of the preferred embodiment of the present invention,
illustrative examples of specific embodiments of the invention and the appended figures in
which:
20   Fig. 1 illustrates a flowchart of loyalty programs according to the present
invention;

                          Fig. 2 illustrates an exemplary system for practicing the loyalty programs of
the present invention;

                          Fig. 3 illustrates in more detail the entities with roles in loyalty programs of
25   the present invention and their interactions;

                          Fig. 4 illustrates an exemplary web page of a member of a loyalty program
of the present invention; and

                          Figs. 5A-C illustrate systems and messages in a payment network that
provides input to the present invention.
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      5. **DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT**

        This invention is described in more detail herein, where: Section 5.1
describes loyalty programs in general; Section 5.2 describes methods and systems for
loyalty programs; Section 5.3 describes sources of data tracking transactions of loyalty-
35
program members; Section 5.4 describes allocation of member rebates, rewards and other
incentives to loyalty vehicles present in a loyalty program.

The term "securities" is used herein in its broadest sense to refer to stocks,

5   bonds and all other instruments of the types regulated in the United States under the

Securities Act of 1933, 15 U.S.C. § 776 and related acts (e.g., the investment company act,

investment adviser act, and the like). In other jurisdictions, the term "securities" has a

similar meaning under the prevailing treaty, legal, or administrative regimes. The term

"fund for investment" or "investment fund" is used in its broadest sense to refer to an

10   available amount of money or capital that is committed in order to attempt to gain a

financial return.

5.1. <u>SUMMARY OF LOYALTY PROGRAMS</u>

The present invention provides a wide range of customer loyalty programs

15   together with computer systems and computer-implemented methods for their

performance. Generally, loyalty programs are taken herein to mean marketing

arrangements in which tangible or intangible incentives, such as rebates, points, other

reward currencies or rewards, are provided to purchasers of goods and services in order to

induce desired future behaviors, such as repeated purchases from merchants, repeated

20   purchases of goods and services of merchants, manufacturers or suppliers (referred to, with

issuing banks below, as program "participants"), repeated use of financial institutions

(such as banks issuing credit-cards, debit cards, smart cards, payment cards and other

payment means or devices), increased size of purchase, and so forth.

According to the present invention, loyalty programs are conducted under

25   supervision of the administrator, which can include one or more administrative sub-

entities, or other internal arrangements as deemed prudent according to legal and business

considerations. The administrator provides, creates, invokes, manages or enters into

contractual or other arrangements, or so forth with other external entities in order that they

may act as its agents in carrying out the activities necessary for a loyalty program,

30   including, inter alia, registering members and participants, receiving incentives from the

participants, allocating the incentives to various loyalty vehicles on behalf of the members,

and so forth.

Persons become loyalty-program members and are able to receive program

incentives by registering with the program, preferably after agreeing to its terms and

35   conditions (or reaching agreement with the administrator). Members are typically real

persons, but may include legal persons of all types. Organizations or individuals

transacting business with customers become loyalty-program participants and are able to

offer program incentives by also registering, preferably after reaching agreement with the

5   administrator. Loyalty-program participants may include a wide range of individuals or

organizations that deal with customers, for example, merchants of goods and services,

manufacturers, suppliers or importers of goods, providers of services, financing providers

such as credit card companies and banks, or so forth. Loyalty programs of the present

invention may, therefore, include either a number of participants of different types

10   (merchants, manufacturers, service providers, and the like), or a single participant (such as

a supplier of credit card of other financial services).

When a loyalty-program member completes a transaction at or with a

loyalty-program participant or another or involving the product or service of a participant

(collectively known a transactions of interest, or commercial interest, to participants), the

15   participant makes agreed-upon incentives available by means of the administrator to the

account (or benefit) of the member. The administrator obtains information for determining

incentives, allocates determined incentives to various loyalty vehicles, and then causes

transfer of the incentives from the participants to the loyalty vehicles for the use of the

members. Incentives may be intangible or tangible rebates, points, other reward

20   currencies, rewards, options or so forth, and are often rebate monies or other incentive

amounts with or without conditions on their uses. The present invention provides loyalty

programs with a broad range of novel methods of obtaining information concerning

incentives due from participants by tracking transactions between members and

participants and member transactions involving the products or services of participants,

25   and also with a broad range of loyalty vehicles that provide participants with targeted

member incentives.

In a further embodiment, the present invention may receive incentive

information from participants, or third-parties, and then allocate the incentives among one

or more loyalty vehicles. For example, a participant may have immediate access to

30   member (and other customer) transaction information, and may then determine rebates or

incentives due members. Information describing the determined incentives may then be

forwarded to the administrator, which stores and allocates the incentives, according to

participant instructions, or member instructions, or both. In this embodiment, the

administrator provides a specialized, shared, and cost-effective interface to members,

35   freeing the participants from individually developing this capability,

In one preferred embodiment, the administrator obtains information

tracking member transactions at or with participants directly from the participants

themselves. For example, in embodiments for e-commerce or on-line merchants,

5   individual member transactions at participants (which, for example have World Wide Web
(hereinafter, simply "web") sites for their customers) are electronically tracked by use of
the participants' existing e-commerce or business data processing infrastructure.
Participants extract member purchase (tracking) information from their infrastructure, and
transmit it to the administrator, either in real-time or in batches (a batch including, for

10   example, transactions for an hour, day, week, or other appropriate interval). This
embodiment may include credit-card loyalty programs, merchant loyalty programs,
manufacturer or supplier loyalty programs, and so forth. In particular, the cards used in the
"credit"-card programs may be widely-accepted credit or payment type cards, or may be
credit or payment type cards accepted at a single merchant or merchant association, or

15   merchant value-type cards.

           In another preferred embodiment, the administrator may issue member
identification ("id") cards having physical characteristics so that they may be recognized
by credit-card, payment-card or other point-of-sale ("POS") equipment, and be processed
over existing financial networks, such as payment-card or credit-card networks. Here,

20   transaction-tracking data is generated by the financial networks when members present
their id cards during transactions at participants. Where the id cards have no payment
functions, payment may be made by conventional means, such as cash, check, regular
credit card, or so forth. Since this embodiment is able to track transactions at legacy
"brick-and-mortar" merchants or manufacturers as well as at on-line merchants or

25   manufacturers, it is referred to herein as an "off-line" embodiment. In sum, this invention
contemplates obtaining member transaction-tracking information from a variety of
sources: directly from the participants, from acquiring banks of participants, from issuing
banks of members, loyalty program member id cards, directly from credit-card and other
payment-card networks, and so forth.

30   More generally, information for transaction tracking may be provided by
other identification means or devices. In particular, a member may be identified by a
unique account number present on a payment or id-card. In the future, such identifying
account numbers, or other information, may be carried in electronic or digital devices that
can be read during a transaction. For example, such information may be available on so-

35   called smart cards, in personal digital devices (such as the well-known Personal Digital
Assistants), in advanced cell phone (for example, as a telephone number), or on or in other
circuitry that may be scanned or interrogated during a transaction. In the future, it may be

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possible for a personal digital device to take part in a transaction and the point of sale, both

5   providing payment information (for example, debiting a stored value) and also initiating a

network transmission to provide transaction tracking information directly to the present

invention.

In all embodiments, transaction-tracking information preferably includes

information identifying the goods and services that are part of a transaction, such as by

10   standard commercial or product codes. With such information, more granular loyalty

programs can provide, for example, incentives discriminating between or among different

merchants, between or among different manufacturers or suppliers, between or among

different merchants at which different manufacturers' or suppliers' goods were purchased,

and so forth.

15   Moreover, the present invention provides loyalty programs in which

incentives, such as rebates, points, other reward currencies or rewards, received by

members can be allocated between or among various loyalty vehicles in a single loyalty

program in order to reinforce different member behaviors according to the desires of

different participants. A preferred loyalty vehicle includes security investments, preferably

20   investments in or through a fund for investment involving a plurality of securities, more

preferably where shares issued to members comprise or reflect securities of at least one of

the participants, which, in one embodiment, are allocated, directly or indirectly, depending

on net purchases made by members at or with participants or involving the products or

services of participants (also referred to herein as "transactions of interest"). Such a

25   loyalty vehicle is expected to incentivize long term loyalty.

Current (or direct) incentives are another type of loyalty vehicle, which may

be offered along with, for example, security investments in a single loyalty program.

Current (or direct) incentives may include: freely usable rebate monies; discounts, credits,

points or other reward currencies freely useable towards future purchases; discounts,

30   credits, points or other reward currencies targeted towards purchases of particular goods or

services, or of any goods and services of a particular manufacturer or supplier, or at a

particular merchant, or of a particular manufacturer or supplier at a particular merchant, or

so forth.

Carefully targeted current incentives, automatically available to customers

35   and with low processing costs for merchants and other participants, offer new marketing

and promotional opportunities. For example, a current incentives vehicle where incentives

are awarded upon purchase of a particular manufacturer's or supplier's products or

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services, offers a novel and efficient manner of eliminating cumbersome paper-based
5   rebate coupons, which must be individually handled by customers and processed at
processing centers. Indeed, a loyalty program of the present invention using membership id
cards that are automatically processed at the point of sale and coupled with the automatic
identification of purchased products or services makes available the information with
which to tailor altogether new, efficient, and low cost incentive programs.

10   Therefore, the present invention is attractive to merchants, manufacturers,
other participants and customers for at least the following reasons:

1.   Customers are attracted to the program because it is user-friendly, providing
simple tracking of their relevant purchases with a minimum of effort on their part,
15   regardless of the payment instrument used, in preferred embodiments merely by
purchasing products or services from one or more of the participating merchants or
manufacturers, and also providing diversified uses for their rebates and other
incentives, including, in preferred embodiments, equity investments.

2.   Further, systems of this invention may provide each member with a customized
20   web page that tracks the accumulation and application of such member's rebates
and other incentives, including the performance and composition of any equity
investments made. This page may also have links to web sites of all merchants or
other participants, or to those most heavily used by the member. Whenever
members log onto this system home page, they are reminded of the merchants and
25   other participants, the good will extended by the participants toward the members,
and the fact that the members have an interest in using the participants for further
transactions.

3.   Merchants and other participants are attracted to the program because members can
develop a specific interest in the participating merchants and other participants, for
30   example via equity ownership through a diversified investment fund. Since
members may become owners of the merchant or other participant, merchants and
other participants can thus benefit from a closer relationship with their
customer/owners. In addition, the long-term approach to investing that is typically
taken by a mutual fund, for example, can reinforce the participants' relationships
35   with their customers and can reduce customer attrition.

4.   Individual merchants and other participants benefit from the cross marketing
inherent in the structure or operation of the fund. That is, since the shares issued to

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members may comprise or reflect the securities of at least one public participant,

5   each member may own not only the merchants at which he shops, but also the

shares of other public participants.

5.   Through programs of this invention, merchants and other participants are able to

offer their customers tangible and diverse rewards unlike any others currently

available. In a world of competition ever more defined by lowest price, merchants,

10   suppliers and manufacturers are able to reward customer loyalty in an innovative

way that will forge a long-lasting relationship based on ownership, partnership, and

good will.

This invention includes a single loyalty program combining many member

15   types, participant types, means of obtaining member transaction tracking data, and loyalty

vehicles. It also includes programs more targeted to one or a few types of members and

participants that obtain tracking data by one or a limited number of means and offer one or

a few focused loyalty vehicles. In other words, it is to be understood that the present

invention encompasses the various combinations of the means described for transaction-

20   tracking, of the described loyalty vehicles, of the described means for determining

incentive and rebates, and of the described means for allocating incentives.

However, without being limiting, the following description is directly

primarily to programs with members who are individuals, the programs anticipated to be

initially of most importance.

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5.2. METHODS AND SYSTEMS

The general functioning of the loyalty programs of the present invention,

along with exemplary computer systems, for practicing these methods is now described.

30   ### 5.2.1. LOYALTY PROGRAM METHODS

Fig. 1 illustrates the general functioning of loyalty programs according to

the present invention. First, in step 1, the administrator negotiates registration agreements

with merchants, manufacturers, suppliers, financing organizations, other commercial

organizations or individuals who seek to become program participants (or with a single

35 program participant). These agreements preferably include schedules and other details of

rebates, points, other reward currencies, rewards, or incentives made available to loyalty

program members for purchasing or transacting business with a participant or involving

the products or services of a participant, and also schedules for allocating rebates, rewards,

5   points, other reward currencies or incentives among loyalty vehicles (if more than one)

offered by the loyalty program. Public or private merchants or both, selling either on-line

or off-line, or public or private manufacturers, suppliers, service providers, or any of them,

may become program participants.

Next, in step 3, the administrator registers members. Member registration

10   collects at least minimal identifying information necessary for legal, security, and

regulatory purposes, and for simplicity can be performed either on-line, for example, using

an Internet-attached personal computer, or off-line, for example, by using paper forms. If

identifying cards ("id" cards), payment cards or other cards, identification means or

devices are used in a loyalty program, member registration also obtains information

15   necessary for the banks or other organizations issuing the cards or other identification

means or devices. The member identifying information carried on the cards or in other

identification devices is exchanged with their issuers preferably at registration (or

issuance) time.

In certain embodiments, card (or other member identification devices) are

20   issued concurrently with new member registration, with by the administrator directly or by

a bank acting at the request of the administrator. In this case, new member information

needs to be sufficient to complete the issuance process. An issuing bank, which is

typically the required issuer if the identification devices are processed by financial

networks, may, or may not, be a participant in the loyalty program, seeking to incentivize

25   use of its payment or other financial services. The administrator, if not itself a bank, may

itself issue identification devices of other sorts.

In other embodiments, a new member may already have an identification

device, such as a credit card, or a debit card, or a stored-value card, or the like. The device

may have been issued by a bank or another entity. In these embodiments, new member

30   registration need obtain the information identifying the member that is available from the

device or card. With this information, transactions of such members may be tracked by the

subsequently described methods.

After successful registration, in step 5, as members transact business at

participants, or involving the products or services of participants, thereby earning rebates,

35   rewards, points, or other incentive or reward currencies become due them, according to the

incentive schedules, which are first established at participant registration and can be

updated from time-to-time by each participant. Alternatively, the participants themselves

may determine incentives from schedules they have internally established. In step 7,

5   amounts due are determined from these schedules and from information tracking member
transactions, and periodically (*e.g.*, in real time, or daily, weekly, monthly, or other
periodic interval) requests are made to the participants for transfer of these amounts due.
Again, alternatively, participants may make incentive information periodically available
for receipt by the system of this invention.

10   Step 9 allocates rebate, reward or other incentive amounts received to
various loyalty vehicles according to the initially established (and optionally updated from
time –to time) allocation schedules. If no allocation schedules are provided, the amounts
due can be allocated according to member request or loyalty-program decision.
Alternatively, incentives may be allocated according both to participant instructions and

15   also to member instructions.

             Since in a preferred (but not limiting) embodiment, incentives are allocated
at least in part to investments by or through the fund for investment where shares issued to
members comprise or reflect the securities of at least one public participant, in step 11, the
administrator directs the purchases and sales of investment securities, and may issue and

20   redeem evidences of, or account for, member ownership interests (for example, shares of a
mutual fund). At step 13, members are incentivized by tracking owned investments,
selling owned investments, and optionally buying additional investments with separate
monies.

             In another embodiment, rebate and other incentive amounts may be

25   allocated to direct incentive programs that members may use for additional transactions.
In an exemplary implementation, each member has a direct incentive account, which is
updated in step 15 with allocated rebate and other incentive amounts. Members are then
incentivized by using in step 17 their direct incentives for further transactions, purchases,
upgrades, and so forth.

30   Loyalty program activities as just described are managed and supervised by
an administrative entity (simply, an "administrator"), which, although described herein as
a single functional entity, may actually consist of two or more legal entities. The
administrator acts, *inter alia*, by entering into agreements, such as member and participant
registration agreements; by obtaining member transaction tracking information; by

35   requesting incentive amounts, such as monies and other incentive amounts due; by
receiving incentives either as fungible monetary values or as specialized incentive values;
by dispensing incentive amounts received, such as allocating monies and other incentive

amounts to loyalty vehicles; by managing loyalty vehicles, such as causing securities to be

5   bought and sold; and so forth. Since many of the administrator's actions may be actually

performed by separate agent entities (illustrated in Fig. 3) that provide information to and

respond to instructions from the administrator, the administrator may manage and

supervise by monitoring and instructing its agents.

This monitoring and instructing may include: updating information

10 reflecting accounts held by agents for, *inter alia*, member transactions, rebate monies and

other incentive amounts, and so forth; formatting messages to agents with, for example,

instructions to transfer monies or other incentive amounts, to buy or sell securities, to

determine present values, and so forth; interpreting messages received from agents and

updating administrator accounts; responding to queries from members and participants;

15 and so forth. In a preferred embodiment, most of these actions are preferably performed

by administrative computer systems (illustrated in Fig.2) that electronically communicate

with the agent entities, for example, with the computer systems of these other entities.

5.2.2. LOYALTY PROGRAM ADMINISTRATION

20   Fig. 3 illustrates, in a preferred (and non limiting) embodiment, the

administrator, the entities responsive to (agents of) the administrator for performing

loyalty programs of this invention, and the interactions (exchange of information,

instructions, value, and so forth) between the administrator and its agents. Although in

other legal or regulatory contexts, the agents of the administrator may be fewer or more

25 numerous, their combined functioning will be substantially equivalent to the preferred

embodiment described next.

Administrator 52 negotiates 53 contracts with participant(s) 51, which

reflect agreement that the participant will provide a scheduled incentive amount (for

example, a percentage) of the purchase price of products or services bought or used (or

30 other measure of transaction value) by members of the loyalty program, and that the

administrator will allocate the rebate, incentive currency or reward as specified by the

participant (or by the member), for example, by investing in a diversified mutual fund

which may purchase shares, *inter alia*, in the publicly-traded securities of at least one

participant. The incentive amounts and their allocation may depend on the type of

35 product, the merchant, the manufacturer, the supplier, the card issuer or other parameters

of the member transaction. Both incentive amount and allocation may be updated from

time-to-time by the participant.

These contracts may also preferably include: provisions that the participant

5   agrees to pay the administrator a fee for the administrator's services in establishing and

operating the loyalty program; provisions concerning the mechanics of tracking,

calculating, requesting and turning over the incentive amounts and rebate monies to the

administrator; and so forth. Provisions relating to web site content may also be included;

for example, mutual hyperlinks between the participant's web site and the loyalty

10   program's web site, a statement on the participant's web site that it is a (merchant,

manufacturer, supplier, financer, or other type of organization) participant in the system,

and/or a statement on the participant's web site listing the rebate or incentive schedules

offered to loyalty program members, similar statements on the program's web site, and so

forth.

15   The schedule of incentives, rebates, and rewards in a simple embodiment

includes percentages (perhaps, sliding percentages) of the purchase price of products or

services bought or used by members of the loyalty program that will be provided as a

rebate or other incentive. In further embodiments where adequate tracking data is made

available, the rebate or other incentive may depend on which merchant locations are used,

20   or on which manufacturer's or supplier's products (or financial products) or services are

used, or on combinations of these and other factors. Rebates and other incentives may also

depend on the total amount or on the total number of products in a transaction so that the

participant may provide volume discounts. Further, if the loyalty program member also

belongs to another group favored (or disfavored) by a participant, the rebate or other

25   incentive may be increased (or decreased). For example, if the loyalty program maintains

histories of member transactions, a favored group might be a member who frequently

transacts business at a participant or involving the products or services of a participant.

Rebates or rewards may also depend on further factors to achieve particular marketing

objectives of participants.

30   In addition, numerous types of incentives may be offered by a program. In

a simple embodiment, an incentive may be an amount of rebate money or other incentive

that is freely useable by a participant. Alternatively, uses of rebate money or other

incentives may be restricted to certain merchants, or certain products or services, or

certain products or services and certain merchants, or so forth. Generally, usage

35   restrictions may be represented in the systems of this invention by rules provided by

participants. Also, incentives may be "currencies" not convertible into money, including

for example, merchant "points", coupon values, airline miles, and so forth. Allowed usage

of such "currencies" is usually strictly limited, often requiring specific authorization by a

5   participant for a proposed use.

Administrator 52 also registers 54 potential members 50 prior to their use
of the loyalty system. During registration, which can be easily accomplished with on-line
forms available on the administrator's web site, potential members assent to preferably
pre-defined program terms and conditions, and provide certain personal, demographic, and

10   system-related information. This information may include name, password, social security
number, address, gender, age, employer, e-mail address, and so forth. Potential members
may also be requested to supply the details for id cards, such as social security number and
income, sample signatures, or other information typically required to open a new
credit/debit card account with an issuing bank. If members will use their existing payment

15   cards for program purchases, they may be asked to supply payment card details such as:
member name as it appears on the payment card; type and brand of payment card (*e.g.*,
debit or credit; Visa, MasterCard, Discover, American Express, or so forth); and the
payment card number.   Payment card transaction information is one way by which the
administrator may track member purchases at participants 51, and to subsequently request

20   rebate monies or other incentive amounts due.

If equity investments 63 are available incentive vehicles, member
registration may also provide user-friendly forms for opening a securities account for the
purchase, sale, transfer, and ownership of securities. Via the securities registration forms,
members may also provide administrator 52 (or member agents 55) with standing

25   instructions to receive rebate monies and other incentives earned by the member and invest
such rebate monies and other incentives (after any necessary redemption for cash) in
specified manners, for example, in or through a fund for investment that may purchase the
publicly traded securities of at least one participant. When practiced in the United States,
these funds can be mutual funds registered under the Investment Company Act of 1940, as

30   amended, and the Securities Act of 1933, as amended, 15 U.S.C. 78a *et seq.*, respectively.

In the event the U.S. Securities and Exchange Commission (SEC), or other
government agency or law, requires separating management relating to a fund for
investment from other aspects of incentive and program management, the administrator
may employ the services of one or more member agents 55 to receive rebate monies and

35   other incentive amounts 58 from participants on behalf of members, and to invest such
rebate monies and other incentive amounts (less any fee that may be charged by the
administrator and agent) in or through the fund, perhaps by forwarding such rebate monies

15

and other incentive amounts to administrator 52 or to escrow or other administrative

5   account 56. When practiced in the United States, member agents will be registered
securities broker/dealers. If member agents are used, the program registration process may
also obtain information for opening an account with member agents, and for any standing
instructions 60 to be submitted to the agents to receive the rebate monies and other
incentive amounts, and to invest the rebate monies and other incentive amounts in or

10   through the fund (or otherwise invest in securities), or to forward such monies and other
incentive amounts to the administrator of the fund or into escrow or other administrative
account 56 for eventual investment. After opening an account and submitting standing
investment instructions, a member may have a reduced need for further interaction with
the member agent.

15   After registration is successful, members preferably receive highly secure
personal identifiers, such as passwords, certificates, or other secure identifiers, that provide
access to member account statements and other account information through the
administrator web site. To obtain this information, which is preferably formatted as
personal member "home" pages, members navigate to the administrator's web site and

20   enter their security identifiers.

           Generally, home-pages (and dependent pages) display information on
progress in the loyalty program in a manner that will incentivize members in the ways
sought by the various participants. Promotional offers, advertisements, and other
information, from both participants and the administrator, may also be provided on the

25   member web page. If direct incentives, as explained below, are available, a page may
display total direct incentives of each type received, how these incentives have been used,
the benefits gained, and the current status of all available direct incentives. This latter
information may include, for example, that further purchases of a certain product from a
participating manufacturer or supplier will be discounted for up to a certain amount, or on

30   the next purchase for over $100 at a certain merchant an extra $10 will be available to the
member, or so forth.

           Fig. 4 illustrates in more detail an exemplary member home page for equity
mutual fund investments. The illustrated page includes: a chart of mutual fund
performance versus various benchmarks 400; summary information on the fund 402;

35   summary information on the member's holdings in the fund 405; information on credits
410 that the member has received towards the purchase of shares in the fund as a result of
transactions with participants or involving the products or services of participants;

hyperlinks to merchant web sites 415; a button or similar mechanism 420 to access further

5   information concerning the member's account; a button or similar mechanism 425 to make

direct investments in the fund; a button or similar mechanism to access a hypothetical

calculator allowing the member to approximate a future account value based on possible

future incentives (e.g., the member is able to enter in an incentive value of $500 per year,

and calculate the "hypothetical value" of his fund holding in 5 years, 20 years, etc. based

10   on fund performance since inception); a button or similar mechanism 435 to redeem

shares; and a button or similar mechanism 440 that provides access to more information

concerning the fund.

Returning to Fig. 3, after member and participant registration, members 50

may carry out transactions 57 with participants or others 51. Commonly, transactions may

15   be purchases of goods or services at participating merchants or purchases of goods or

services of participating manufacturers, suppliers or service providers, use of credit or

other financial services from participating financial institutions, or use of an issuing

institution's credit or other card. Advantageously, member transactions may be performed

over the web (or in other on-line manners), and hyperlinks to participant web sites may be

20   provided at several different locations in the administrator web site, e.g., in member

registration forms; in a page listing the merchants or other participants; in the member's

home-page; or in other locations. These hyperlinks may be continually updated by

administrator 52 to include new participants as the program expands. Therefore, in one

preferred embodiment, members first access the administrator's web site, and use its

25   hyperlinks as a portal to participant web sites to carry out transactions. As will be

described below, use of the administrator's web site as a portal may provide for tracking of

a member's transactions at a participant (and determining rebate and other incentive

information by the administrator system). Alternatively, member may directly access

merchant web sites, without first navigating to the administrator's web site. In this case,

30   the participant can collect and send member transaction information to the administrator

(either in real time or in periodic batches). In another preferred embodiment, members are

provided with id cards, or combined payment and id cards, that automatically provide

tracking information to the administrator when processed by existing credit-card networks

(or other payment-card or financial networks). The present invention is also applicable to

35   other tracking mechanisms as will be described below.

After members have transacted business with participant or business

involving the products or services of participants, rebate and reward monies 58 (or the

17

indications of values of points or other reward "currencies") are forwarded by participants

5   51. Monies and other incentive amounts may be forwarded by the participants without
administrator request, as a result of participants' own tracking of member transactions, or
preferably at administrator request, as a result of administrator tracking some or all
member transactions. Forwarded monies and other incentive amounts are received directly
by the administrator 52, or preferably by segregated escrow or other administrative

10   accounts 56 for the benefit of members. Segregated accounts are preferred to provide
heightened program security, and therefore increased attractiveness to members. The
escrow or other administrative accounts may be managed at an agent bank; the account
may be an account where the administrator receives interest on the deposited rebates and
other incentive amounts. Where member agents 55 are employed, participants 51 forward

15   rebate or reward monies 58 (or the indications of values of points or other reward
"currencies") to these member agents, which, acting according to standing member
instructions, either forward the monies and other incentive amounts 59 on to administrator
52 or on to escrow or other administrative account 56, or directly invest the monies and
other incentive amounts (not illustrated). The members have the option of updating 60

20   their standing instructions to their agents. Member agents are optional if the administrator
can act as the member agent.

Rebate monies and other incentive amounts are held in the escrow or other
administrative accounts until they are allocated to loyalty vehicles according to the
member preferences and instructions. Fig. 3 illustrates two preferred loyalty vehicles,

25   equity investments 63, particularly equity investments in or through a fund where shares
issued to members comprise or reflect the publicly traded securities of at least one
participant, and current incentive programs 62. Administrator 52 manages the allocation
73 of rebate and reward monies and incentive amounts (or the indications of values of
points or other reward "currencies") among the various loyalty vehicles, and also provides

30   necessary administrative instructions, direction and control of the various loyalty vehicles
by interaction 64.

For the equity investment vehicle, agents of the administrator, such as
transfer agents and brokers, transfer rebate monies and other incentive amounts, purchase
shares and securities, receive purchased shares and securities, and perform or execute

35   corresponding transfers or sales upon share redemption or disposition, preferably as book
entries without physical transfer of money, checks, or certificates, except for settlement
purposes. The administrator manages and directs these agents, and keeps internal

information reflecting account status at its agents. Transfer or other agents preferably
5 administer funds, transfer monies and record purchases or sales of shares 67 for the
members under the direction of the administrator; brokers (if different), also under the
direction of the administrator, preferably purchase and sell securities, particularly
participant securities, on stock exchanges and in other public markets 65 for transfer 66 to
and from the investments and funds 63. If appropriate, transfer agents and brokers may be
10 affiliated, or the administrator may itself perform one or both of these functions. The
dollar value of the shares equals the dollar value of the rebates and other incentive
amounts (preferably less any fee that may be charged by the administrator and as adjusted
by direct sales and purchases) that each member received on his online purchase of
products or services from or of the participants. Also, members may make investment
15 requests 68, which are processed by the administrator and result in updates to a member's
investments in the loyalty program and directions to the transfer agents and brokers.
Members communicate, for example by on-line messages, to direct the administrator, and
thus the transfer agent and/or broker, to process such share purchase and redemption or
sale forms by buying or redeeming or selling shares and transferring proceeds 67 to the
20 requesting member. Electronic confirmations are preferably provided to each member by
the administrator system, for example, on members' web pages and also by e-mail.

Current incentives 62 are monies, discounts, incentives, points and other
reward currencies available for a member's immediate use, whether or not first redeemable
for or converted into cash. Optionally, uses of current incentives may be limited by the
25 participants in ways to incentivize desired member behaviors. Member current incentives
may be, preferably, held in member escrow accounts 72 with a banking-type institution
acting as an agent of the administrator (or with a financial transaction processor for a
banking-type institutional agent). Member escrow accounts 72 are available for settling
member transactions 70 (optionally, according to the limitations of the participants) in a
30 manner similar to stored-value cards or debit cards. Transfer of monies and credits in and
out of these accounts is preferably handled, as in the case of equity investments, as book
entries without the physical transfers. Specifically, under the administrator's direction and
management, banking-type institutional agents receive rebates, rewards, points and other
reward currencies allocated from escrow or other administrative account 56 to current
35 incentives 62, and then place received rewards, points and other reward currencies 71 in
accounts 72 for member use.

Directions from the participants for use of their direct incentives may be,

5   preferably, represented in the systems of this invention as rules limiting how accounts 72

may be used for transaction settlement. For example, rules may specify how, where, for

what, and so forth payment requests would be honored (either when transmitted in real-

time from the point of sale or during batch processing). If honored, a specified incentive

amount will be transferred in payment, and the current incentive available correspondingly

10   reduced; if not honored, the payment request would be declined. Paying and declining

payment requests are known functions of payment networks, such as the networks

maintained by credit card associations. These rules may be physically stored in association

with member incentive accounts so that they would be available during the processing of

payment requests. Further, it is preferable that the rules associated with these current

15   incentive accounts could be updated by administrator 52 in response to directions from the

participants.

5.2.3. ADMINISTRATIVE SYSTEMS

Routine functions of the administrator are typically performed by

20   programmed computer systems referred to herein as "administrative computer systems" or

simply "administrative systems". Discretionary functions, such as negotiating agreements

with potential participants, are typically performed by the operators of the administrative

computer systems.

Core functions of the administrative computer systems include: receiving or

25   obtaining information tracking member transactions at participants; requesting monies,

rebates, rewards, points and incentives from participants depending on the tracked member

transactions and on the participant rebate and incentive schedules; allocating and

dispensing these monies and other incentive amounts to various loyalty program vehicles,

and managing the loyalty program vehicles. Other administrative system activities include

30   managing and directing both member agents in handling member rebate monies and other

incentive amounts, and also the administrator's own agents which handle, *inter alia,*

escrow accounts, current incentive accounts, equity investment accounts (and other lbyalty

vehicle accounts). Also, the administrative computer systems participate in registering

participants and members, and receive and respond to queries and directions from

35   participants and members.

These functions in preferred embodiment involve extensive electronic

communication with external computer systems, such as systems of, *inter alia,*

participants, members, banks, payment processors, transfer agents, brokers, and so forth.

5   If id or payment cards are used in a program, the administrative computer systems also
       preferably electronically communicate directly with payment network systems or their
       gateway systems. Communication may be in a transaction mode, a batch mode, or other
       convenient communication mode. Where external systems generate member transaction
       tracking information throughout the day, administrative computer systems may receive

10   tracking information on a transaction by transaction basis, or the tracking information may
       be transmitted in batches hourly, daily, or with other convenient periodicity. For example
       payment networks, such as credit-card networks, may send member transaction tracking
       messages in real-time during each transaction. Other external systems, for example, those
       of merchants, may generate transaction-tracking information only during periodic batch

15   processing cycles, for example, during nightly processing, after which it can be sent to the
       administrative system in batches (that is, aggregating the transaction data). For agents of
       the administrator, usually only periodic communication is required (e.g., hourly, daily,
       weekly, and so forth) to transfer, for example, instructions on daily securities transactions,
       on transfer of rebate monies and other incentive amounts, or on maintenance of escrow or

20   other administrative accounts. The latter communications may be advantageously
       structured as file transfers, the files containing net results and net instructions for the
       period. Administrative systems respond to these electronic communications by updating
       system databases and, possibly, generating and transmitting further instructions and
       responses to the external systems.

25   Fig. 2 illustrates exemplary administrative computer systems 22 and 23 (the
       "administrative systems") for implementing the loyalty programs of the present invention.
       Generally, system users 20, for example, members, participants, agents, and so forth,
       interact with (provide information to, receive direction from, and so forth) loyalty
       programs by means of networks 21 and interface systems 22 that communication with

30   systems 23, that have databases 26 that store loyalty program data and processors 24 that
       are controlled by computer programs to perform the methods of the loyalty programs. The
       administrative systems 22 and 23 operate under the supervision of administrator 52 (Fig.
       3), which is responsible for the loyalty programs. Although, as Fig. 2 illustrates, any class
       of user can communicate via any convenient means of communication, certain

35   communication means are typically used by certain users. Members, who typically use
       PC-type computers at their remote locations, may access loyalty programs of this invention
       via public networks 41 connected to one or more web servers 37, which are suitably

protected by firewalls and controlled by load balancers 38. Participants and participant

5   systems, *i.e.*, commerce systems at merchants, manufacturers or suppliers, may access the

loyalty programs over public networks 41 or through other, perhaps private, network links

42, such as dedicated communication lines. Public networks 41, of course, include the

Internet, but also may include various proprietary public network backbones. Other

networks 42 may include private networks or private specific point-to-point or switched

10   links, and may access the administrative systems through other communication interfaces

36.

The administrative systems communicate with external systems to obtain

member transaction tracking data. In one preferred embodiment, member-tracking data

may be transmitted from participants' computer systems using one or more of the above

15   communication methods. In another preferred embodiment, tracking data is extracted by

financial payment-processing networks 40 and sent to the administrative systems

(optionally, transaction-by-transaction). Financial payment networks include especially

those operated by credit card associations, such as VISA, MasterCard, American Express,

and so forth.

20   The administrative systems allocate member rebates/rewards and so forth to

loyalty program incentive vehicles by means of communications with computer systems of

the administrator's agents. In the case of equity investments, these may be systems of

financial intermediaries, security brokers, transfer agents, separate member agents (if

needed, for example, for regulatory compliance), and so forth. These communications

25   (instructions and responses) may be transmitted as files using, for example, the FTP

protocol via FTP servers 39. In the case of direct incentive loyalty programs,

communications may be with banking-type institutions that maintain the direct incentive

accounts, and are usually performed by means of FTP transfers between FTP servers.

These communications are used to create accounts, to credit and debit accounts, to inquire

30   about account status, and so forth. Other intermediaries, including credit card processors,

merchant banks, and so forth, may communicate with the administrative system via public

and private networks, in files transferred by FTP, transaction by transaction, or by other

means.

In more detail, web servers 37 implement one or more administrator web

35   sites for members (and participants and others), which are accessible via the Internet

preferably only through firewalls 38. If system loads require more than one web server,

load balancers 38 provide balancing between individual web servers. Application servers

22

37 may optionally assist in transferring formatted information between the web servers and

5   one or more database servers 23. Additional firewalls internal to the administrative
systems may be provided as needed for security.

The one or more database servers 23 preferably are programmed general-
purpose computers that include one or more processors 24 with processor-accessible
memory (such as RAM), long-term database memory 26 (such as magnetic disk drives

10 configured by a database system), and input/output means 25. The input/output means are
used, among other tasks, to exchange information between database servers 23 and the
communication systems 22 that connect to external communications. Database memory
26, *i.e.*, configured computer disk storage, stores formatted and encoded items of
information used to process the programs of this invention, including information

15 concerning, *inter alia*, members 27, participants 28, purchases, rebates, rewards and other
incentives 29, investments, funds and direct incentive accounts 30, member accounts 31,
and on-line financial products/services 32, administrative information, such as payment
card issuers 33, and computer programs 34 for causing processors 24 to perform the
methods of the implemented loyalty programs. More than one database server may be

20 provided if needed for load sharing or reliability.

Stored member information 27 preferably includes for each member: name,
address, e-mail address, copy of authorized signature, unique member identification such
as a system identification number, a secure personal identifier such as a password for
accessing the system web site, credit card information, social security number, preferences

25 for allocating rebates, rewards and other incentives, and other information extracted from
the member's completed registration form, and so forth. Upon submitting the registration
form, the database server 23 creates in the member database 27 records for the new
member, extracts the information from the registration form, and preferably assigns a
system identification number to the member. Membership registration is advantageously

30 automated to the extent possible by the systems of this invention operating under the
supervision of the administrator. Member information may be updated upon member
request, such as requests made through the administrator web site or automatically
through, for example, credit reports.

Stored participant information 28 preferably includes for each merchant,

35 manufacturer, supplier, service provider, financial intermediary (such as a credit card
issuer) and so forth that has agreed to provide rebates or other incentives to members of
the program: unique identification such as a system identification number, rebate, reward,

discount or other incentive schedules that the participant has agreed to provide to
5   members, limitations on use of direct incentives, rewards, points, other reward currencies
or discounts awarded to member purchasers, instructions for requesting and obtaining
rebate monies and other incentive amounts, and so forth. Participant registration is also
advantageously automated to the extent possible using information provided at participant
registration and updated on participant request.

10   Stored purchase/rebate and other incentive information 29 preferably
includes information, for each member, concerning purchases made at merchants or
manufacturers or involving the products or services of participants, use of financing
services, such as credit cards, of financial institutions participating in the loyalty program,
and other participant transactions. Tracking information received by the administrator that

15 includes at least total transaction amounts of members is used to compute and update this
rebate and incentive information according to the rebate and incentive schedules of the
participants. This information also preferably includes, for each participant, rebate
monies, points, other reward currencies, rewards, other incentives or other incentive
amounts that are due from or have already been received. This latter information is

20 updated upon transmission of administrator requests for monies and other incentive
amounts and upon receipt of information concerning monies and other incentive amounts
received by member agents, by the escrow or other administrative account, or directly by
the administrator.

            Stored fund and incentive database information 30 preferably includes
25 information relating to the investment(s) or fund(s) offered, in a preferred embodiment, for
allocation of member rebates to a mutual fund, including fund holdings of the publicly
traded securities of at least one participant, fund ownership by members, past and present
fund performance, and so forth. This information may also include other investment
vehicles, such as individual securities, non-equity securities or security funds, or so forth,

30 and ownership by members. In view of, for example, the current portfolio or security
holdings and recently received rebates and other incentive amounts, the administrative
system transmits instructions, for example, in files transferred by FTP, to the computer
systems of its agents to make security purchases or sales. Share purchases are confirmed
to administrative systems, for example also via FTP server 39, by electronic messages that

35 are then used to access and to automatically update the stored investment or fund
information 30 to reflect the new portfolio composition and ownership by members.

In the case of direct incentive loyalty vehicles, the administrative system
5   transmits instructions to its banking agents holding rebate funds and other incentive
amounts (for example escrow or other administrative account 56) to transfer funds or
amounts to member incentive accounts, and receives messages confirming completion of
its instructions. These instructions and confirmations may be in files transferred by FTP,
or may be in formats appropriate to interbank transfer networks, or may be transferred
10   transaction-by-transaction.

Stored member account information 31 preferably includes information
about the composition of a member's rebates, points, other reward currencies, rewards,
discounts or other incentives that are due from participants or that have already been
received, and the composition of outstanding fund or other investment ownership and
15   currently-available direct incentive accounts. It may also retain a history of the member's
past transactions at or with participants or involving the products or services of
participants and a history of benefits received from the loyalty program. This information
is updated along with rebate/reward and other incentive information and
investment/incentive information using input from the same sources. It is queried in
20   response to, for example, requests for on-line information by members who have accessed
the administrator web sites. Optionally, this information can be combined with member
information 27.

Products/services information 32 preferably includes other financial or non-
financial products or services that may be offered to members at the loyalty program web
25   site.

Administrative information 33 preferably includes necessary information to
operate the administrative systems, such as system configuration, preferred networks and
protocols for communicating with various agents and intermediaries, help information for
customer service representatives and members, and so forth. This information is updated
30   when configuration changes, typically under the direct control of system operators.
Administrative information may also include monies and other incentive amounts
available in the various accounts controlled by the administrator, such as the escrow
account.

These computation and communication activities of the administrative
35   computer systems are preferably implemented as computer programs 34 written in a
computer language, such as C, C++ or Java. Programs are translated into machine
instructions, and are stored in long-term memory until needed by the processor, when they

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are loaded into computer-accessible memory for causing the loyalty program methods of

5   this invention to be performed. If the programs are interpreted, their execution as machine

language instructions is usually deferred until needed by the processor. These programs

may initially be distributed to the administrative systems on computer readable media of

any sort, for example on magnetic disks or tapes, optical disks, or across a network

connection, such as from an internet server. These media store these computer programs

10   in a suitable encoded form.

            The databases of the systems of this invention can be organized as known

in the art. For example, it is preferable for them to be implemented as relational databases

by using commercially available relational database systems, such as those from Oracle

Corp. or Sybase, Inc. System databases can alternately be implemented by other database

15   systems, or even as files provided by a file system.

            It is to be understood that Fig. 2 and the above discussion describes an

exemplary system of the present invention. This invention is not limited to such a system,

but includes systems of other architectures implementing similar communications and

computational activities that are known to those of skill in the art.

20

5.3. SOURCES OF MEMBER TRACKING DATA

            This section describes various methods for obtaining data tracking member

transactions at or with participants or involving the products or services of participants

necessary in order to accomplish the loyalty programs of the present invention.

25   Advantageous methods are those that can tap into existing financial data and financial data

communications with a minimum disruption to existing commercial computer systems.

As those skilled in the art will recognize in view of the following description, certain

tracking methods may be more or less preferable depending on the nature of the members

and participants in a particular loyalty program. Also, it will be recognized that the present

30   invention is not limited to the tracking methods described herein, but can readily be

practiced with other tracking methods that obtain substantially the same information.

            Tracking information may be transmitted to communication interface

systems 22 in various manners. For example, where the data is periodically obtained by

participants, an appropriate method may be periodic (*e.g.*, daily, weekly, or so forth)

35   transmission of a batch of member transactions by known means and employing normal

business security considerations. Such transmission may be via public, private, or

switched communication networks using transport protocols such as FTP and so forth.

Where the data is transmitted from financial payment networks, messages may be

5   transmitted transaction-by-transaction from a financial network gateway or interface.

Received tracking data is used by database servers 23 to automatically
update rebate/reward and other incentive database information 29 and possibly member
accounts 31. Stored rebate/reward and other incentive database 29 as well as member
database 27 would be updated to reflect member purchases, and by extension, rebates,

10   rewards, points, credits and other incentives earned; participant database 28 may be
updated to reflect the rebate monies and other incentive amounts owed by the participants
to the administrator and to members. Specifically, the information is updated to reflect
each individual member's purchases and the rebates, rewards, points, credits and other
incentives earned based on those purchases, and to reflect the purchases made at or with a

15   participant or involving the products or services of a participant and thus the rebate monies
owed to the administrator by the participant(s). Rebate and incentive amounts are
computed by processors 24 in view of the stored participant rebate/reward and incentive
schedules.

Rebate monies and incentive amounts are then electronically requested

20   from participants, and transferred, for example, by clearinghouse networks or wire
transfers to administrator or agent accounts with banking or financial intermediaries.
Transferred rebate monies and incentive amounts are held, as described, in escrow or other
administrative account 56 (Fig. 3), perhaps in the name of a third-party escrow agent. If
permitted by law or regulation, these monies and incentive amounts may be held directly

25   in administrator accounts. Messages confirming successful transfer are preferably
messages transmitted to the administrative systems. (Alternately, these systems may
monitor transfers by periodic account inquiries.)

After rebates, points, other reward currencies and rewards have been
transferred, they are allocated to loyalty vehicles according to member allocation

30   instructions (or by default). These instructions are evaluated by computer systems 23.
Allocated monies and incentive amounts are then transferred to, for example, equity or
current incentive accounts from escrow or other administrative accounts. All money and
incentive amount requests and transfers are preferably performed by electronic
communication using existing payment or financial networks, if possible.

35   Next, member transaction tracking is described.

5.3.1. MERCHANTS/MANUFACTURERS/OTHER PARTICIPANTS

In one embodiment, participating merchants, manufacturers or other

5   participants may identify member transactions from their financial systems by collecting

data identifying, *inter alia*, the member, the amount of the transaction, optionally the type

and contents of the transaction, and so forth. This data is then transmitted to the

administrative systems, either on a transaction-by-transaction basis or in periodic files

aggregating the transactions during the prior period. For concreteness but without

10   limitation, this embodiment is first described in the case where members make purchases

at on-line merchants.

First, members may access the loyalty-program web site (operated by the

administrator or its affiliates and implemented on the administrative systems), and, using

hyperlinks, may further access any of the various participating merchants that are listed on

15   the loyalty-program web site. The administrative systems then transmit a loyalty-program

identifier tag to the merchant database server that identifies the transaction at the merchant

web site as involving a program member. The identifier tag is stored by the merchant

database server along with the transaction information. Next, on some periodic basis, the

merchant may query its database server to retrieve all transactions that include program

20   identifier tags in order to build a file that preferably includes the total rebate or other

incentive amount owed to the administrator for that period along with its breakdown

among the members. This file would be transmitted to administrative systems 22 and 23

(Fig. 2), by, for example, using the FTP protocol and accessing FTP servers 39.

Other identifying methods may be used in this case. For example, the

25   member may be assigned a special e-mail address at the administrative system, which is a

requested input when making purchases at on-line merchant web sites. The merchant

systems may then transmit the details of the purchase to the member's special e-mail

address for use as described above by the administrator or the administrative systems.

Rebate monies and other incentive amounts can be automatically forwarded at the time of

30   the transaction, or alternatively, be forwarded only on instructions from the administrative

systems to transfer rebates and/or other incentive amounts.

In a further example, the administrative system web servers 37 may be

configured such that when a member clicks on a merchant on the administrator's or its

affiliate's web site, a web page co-branded between the administrator and the merchant is

35   transmitted. Such web pages can be physically stored on the administrator web servers or

the merchant's web server. In the case where the administrator web server 37 provides the

co-branded web pages, member purchases on such pages can be directly tracked by the

28

administrative systems 22 and 23. In the case where the merchant's web server provides

5   the co-branded web pages, the merchant's web server tracks member purchases, and

merchant systems may transmit the details of the purchase to the member's special e-mail

address for use by the administrator or the administrative systems as above. Rebate

monies and other incentive amounts can also be either automatically forwarded at the time

of the transaction, or alternatively, be forwarded only upon instructions from the

10   administrative systems to transfer rebates and/or other incentive amounts.

5.3.2. CREDIT CARD ISSUING BANKS

Credit card issuing banks may provide member transaction tracking

information either by being a participant in a loyalty program like a merchant or

15   manufacturer, or by providing access to their credit card accounts held by loyalty program

members.

In a first embodiment, a credit card issuing bank is a participant, and a

member receives rebates, points, other reward currencies or rewards based on use of an

issued credit card. In this case, during registration, members complete a credit card

20   application, which in the preferred embodiment is a co-branded credit card between the

administrator and a credit card issuing bank (e.g., MBNA). The credit card issuing bank

has agreed with the administrator to pay rebates or other incentive amounts based on

purchases made with the card, and can track total amount of purchases made by each

member using the credit cards by, for example, scanning its already available credit card

25   account information for member transaction. Each member's credit card usage

information is transmitted to administrative systems 22 and 23, and the total rebate or

other incentive amount due the administrator is transferred from the credit card issuing

bank, either automatically or upon request. These embodiments and alternatives apply

equally to other forms of payment cards, such as debit cards, stored value cards or store-

30   issued credit cards.

Having a credit card as a tracking mechanism allows members to receive

rebates, points, other reward currencies and rewards for purchases of goods and services

not only at the web sites of on-line merchants but also at the brick-and-mortar pretences of

off-line merchants. In addition, a particular loyalty program may include participant credit

35   card issuers with or without merchants/manufacturers as participants. On-line member

purchases and off-line purchases, whether at the participating merchants or elsewhere, may

be tracked as in the credit card case above. Where there are merchant or

29

manufacturer/supplier participants, a member's account details, or at least the purchase
5   amounts at participating merchants or involving the products or services of
manufacturer/supplier participants, must also be transmitted to the administrative systems
to provide the merchant or manufacturer/supplier tracking information. Allocation of
rebates, points, other reward currencies or rewards may now depend on whether
participating merchants were used, whether products or services of participating
10   manufacturers or suppliers were purchased, whether an issuer credit card was used, on
whether both participating merchants and an issuer credit card were used, or on other
combinations possible in view of the detail of the member tracking information.

In another embodiment, a member's after-acquired or pre-existing credit
cards may be used to make loyalty-program purchases, whether or not an issuing bank
15   provides rebates, points, other reward currencies or rewards to a member for purchases
made with its credit card. Here, card identification by, for example, name, card number
and expiration date, is provided during member registration (or subsequently), and this
identification is used to retrieve tracking information from the issuing bank's payment
information databases or other databases available to the administrator. Payment
20   information is normally accumulated at issuing banks (or their processors) for holders of
their issued cards, and may be searched by card number or secondarily by merchant. This
information includes at least transaction date/time, merchant and payment amount, and is
reported on a holder's periodic statement. (Also acquiring banks (or the processors) may
accumulate similar transaction information, at least for certain statutory time periods,
25   which is available by primarily merchant and secondarily by card number.)

In this embodiment, the administrative systems have stored member credit
card information, either because it has been provided upon registration or because the
credit card was co-branded and applied for upon registration. This credit card information
may be stored, for example, as part of member database 27 (Fig. 2). To identify such
30   member purchases for tracking, database server 23 would periodically (e.g., daily, weekly,
monthly, etc.) retrieve member credit card identification and transmit it, for example by
using FTP server 39, to the issuing banks or other processors, typically identifying the
issuing bank by digits 2 through 6 of the card number. For example, the administrator may
supply to the card processors and merchant banks: member name as it appears on the
35   registered credit card(s); type of credit card (e.g., Visa, MasterCard, Discover, or American
Express) as indicated by the first digit of the credit card number; and the user's account
number typically indicated by the seventh and succeeding digits of the credit card number.

30

With such information, the issuing banks and other processors (who may receive from the
5   administrator card digit numbers identifying the issuing bank) search their account
databases for purchases made by the members (and preferably only at merchant sites). The
purchase information generated by this search is then transmitted back to the
administrative systems via, for example, FTP servers 39. In a preferred embodiment, only
the purchase information for purchases made at or with participants or involving the
10   products or services of participants is then transmitted back to the administrative systems
via, for example, FTP servers 39. In a further alternative, this activity is completed on-line
using the administrator system and the computer systems of the merchant banks and card
processors communicating via the various means 21. This task may also be performed by
a third-party provider with access to the relevant purchase information. [BB NOTE:
15   CHECK REVISIONS TO THIS PARAGRAPH WITH BRETT]

Alternatively, where credit cards are co-branded between a loyalty program
and an issuing bank, the bank already knows which holders are members, and may make a
record of this in a holder's information. Then, such an issuing bank could supply tracking
information for such members without input from the administrative systems. In a further
20   alternative, acquiring systems can be queried to search for participating merchant or
manufacturer credit card billing records by providing lists of participating merchants or
manufacturers. Also, acquiring systems could be queried for member credit card payment
records.

25   **5.3.3. PAYMENT NETWORKS**

In a preferred embodiment, member transactions may be tracked by
payment networks otherwise devoted to credit or debit card processing. In this
embodiment, a loyalty program member would be provided with a credit-card-type card
that is recognized by the payment card processing system. Such a card, generically
30   referred to herein as a loyalty card (or an "id" card), would have a valid and correctly-
formatted account number as well as such physical features and indicia, such as a standard
size and a standard-format magnetic stripe, sufficient for it to be recognized at point-of-
sale terminals and other terminals capable of recognizing credit or debit cards. The basic
function of a loyalty card is to identify a loyalty program member at the point of the
35   transaction (also, the point-of-sale, or "POS") and at the time of the transaction (also, the
time-of-sale, or "TOS") in order that the payment card processing systems can
automatically generate transaction-tracking data.

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In certain embodiments, loyalty cards have no further functions. However,

5   it may be preferable for a loyalty card to be provided with additional, optional convenience features. For example, a loyalty card may also function as a payment card by being associated with either a credit account or a demand account. Also, a loyalty card can function as a direct incentive vehicle by being associated with a demand account charged (or credited) with value by rebates/rewards or other incentive amounts allocated by the

10   loyalty program. This embodiment may advantageously have rules controlling allowed debits from the associated demand account, such as by only allowing payments for the products of a certain manufacturer made at a certain merchant. In the following, a loyalty card with only the basic function is referred to as an id-loyalty card (or simply as an "id-only" card); a card with payment features as a payment-loyalty card (or simply as a "id-

15   payment" card); and a card with direct incentive features as an incentive-loyalty card (or simply as an "id-incentive" card).

For a loyalty program to be able to "issue" even simple id cards, it may be necessary for the program to become associated with a bank that otherwise issues standard credit cards. This is due at least to the operating agreements and membership agreements

20   of present payment processing systems. To be able to issue id cards or id-payment cards with optional payment features (requiring associated accounts), association with one or more banks may be imperative. For another example, id-payment cards may be co-branded between the loyalty program and a bank that otherwise issues standard payment cards. Therefore, in a common but not limiting embodiment, loyalty programs are

25   described as being associated with issuing banks that are capable of and actually issue loyalty cards to program members upon request. The following description primarily addresses this preferred embodiment, and separately describes the functions of the loyalty program and of the issuing bank. However, in other embodiments, the loyalty program itself would be capable of issuing loyalty cards, and issuing banks are not necessary. The

30   following description is immediately applicable to this latter embodiment by simply combining the functions of the issuing bank into the administrator of the loyalty program.

Before describing the gathering of member tracking information using loyalty cards, basic features of existing payment-card networks are described.

35   **Payment Networks Generally**

Fig. 5A illustrates an exemplary payment-card network, including computer systems of the principal actors and communication links between these systems. Such a

network can support processing of either credit or debit cards. Fig. 5C, in which identical

5   elements have identical reference numbers, illustrates the principal messages in network

during this payment-card processing. In this latter figure, downward pointed arrows

represent the advance of time during transaction processing. In both these figures, double-

headed straight arrows 110-112 represent generally commercial transactions, while

communication arrows 113-117, 150, 151 and 154-157 represent communications links or

10   electronic messages exchanged between computer systems. Entities 100-104 represent the

principal parties, along with their network-connected computer systems, that participate in

member transactions and from which transaction tracking information is generated.

Further, financial network 105 represents a payment/clearing network, such as the

networks of the VISA or MasterCard associations. In accord with commercial practice,

15   part of all of the computer systems of loyalty program 100, registered merchant 102, card

issuer 103, payment gateway 104 and financial network 105, which process payment

messages and transactions, may by subcontracted to third parties. Therefore, for example,

payment gateway 104 may represent both a processor computer system, which handles

messages and some or all of the related account processing, and also an acquiring bank,

20   which may have further computer systems for certain account processing it chooses not to

subcontract. Computer systems for loyalty program 100 and payment gateway 104 may be

similarly configured.

For reference, first, the tracking-information embodiments previously

described in Section 5.3.1 are generally illustrated in Figs. 5A and 5C by messages

25   represented by the open dashed communication arrows and numbered 113' and 113".

These messages are not part of the present embodiment, but may also occur if a loyalty

program obtains tracking data according to both embodiments. Message 113' represents

the embodiment in which tracking data is obtained from registered merchants or

manufacturers 102 and directly transmitted to loyalty program 100. As described above,

30   this communication may take place over the Internet, or other communication network,

transaction-by-transaction or in batches of transactions. Message 113" represents the

embodiment in which a payment card issuer is registered in a loyalty program and

electronically transmits member tracking information directly to the administrative

systems. Generating transaction-tracking information in these embodiments requires

35   special software (or software modification) at each of the registered participants,

merchants, manufacturers or card issuers, which extracts tracking information during

routine commercial processing and transmits it to the administrative systems. Special

operational procedures at each participant may also be needed to periodically gather and

5   transmit this information.

In a more preferred embodiment, member transaction-tracking information is generated and transmitted to a loyalty program automatically, as an incident to otherwise normally occurring processing and requiring no special software or special procedures or actions by registered participants. The current embodiment achieves automatic tracking by

10   using existing functions of payment-card processing for new purposes, or alternatively by adding minimal new enhancement, to existing payment card transaction processing. Therefore, any necessary modifications or changes can be made once in payment processing systems, and need not therefore be individually made at each participant. This lowers overall loyalty system costs.

15   Before describing these enhancements, payment processing is first described for a sample transaction where a standard credit or debit card is used. The following description of the sample transaction is primarily directed to the payment cards of multi-bank card associations, such as VISA or MasterCard. But this example is not limiting, because the present invention is also applicable, first, to the well known

20   variations of this model where the functions separately described herein are performed within one administrative entity (such as the American Express system), and second, to further variations that one of skill in the art will appreciate to be equivalent to the following.

With reference to Figs. 5A and 5B, when card holder 101, having a

25   payment card issued by card issuer 103, for example an issuing bank, makes, for example purchase 111, at merchant 102 and offers to make payment with the issued payment card, the merchant first obtains authorization at the TOS (time-of-sale) to charge the payment card with the purchase amount. Using POS (point-of-sale) terminal equipment, the merchant collects authorization information typically including, at least, payment card

30   identifying information preferably read from the card's magnetic strip, pre-entered merchant identifying information, and the purchase amount, which can be manually entered or automatically transferred from the POS cash register. More advanced POS equipment may also "scan" products and make available their identifications, for example as universal product codes ("UPCs"), stock-keeping units ("SKUs"), and so forth. If this

35   information is transmitted during payment processing, a loyalty program can advantageously capture and use it for novel and creative loyalty programs. The collected authorization information is then transmitted over communication link 114 to the

34

merchant's payment gateway 104 for the type of payment card used. The payment

5   gateway is usually a bank that has agreed to acquire the merchant's receivables for this

type of payment card, or the acquiring bank's third-party processor. Transmission of the

authorization request, and subsequent reception of an authorization response, between the

merchant and payment gateway is represented in Fig. 5C by message request/response

exchange 150 illustrated as occurring at substantially the time of purchase 111.

10   Before approving the transaction, the payment gateway (or the acquiring

bank), usually seeks real-time transaction authorization from the card issuing bank (or its

third-party processor) by transmitting an authorization request over links 115 and 116,

usually using the intermediation of financial network 105. Message exchange 151

represents the real-time inter-bank authorization request and response messages. Issuing

15 bank processing of an authorization request message depends generally on whether the

payment card is a credit card or a debit card. In the case of a credit card, the issuing bank

typically checks the card holder's account status, and authorizes the transaction if the

holder has sufficient credit and there is no evidence of fraud. Credit card authorization

processing may be done by the issuing bank's processor. Otherwise, the authorization is

20 declined. In the case of a debit card, or stored-value card having a fixed pool of available

funds, the issuing bank must instead check for sufficient funds, and if approved, mark

necessary funds as held to satisfy the upcoming settlement of the current transaction.

Evidence of fraud may also be checked.

                If the issuing bank authorizes the transaction, a positive authorization

25 response message 151 is transmitted back to the payment gateway, which then transmits a

positive approval response message 150 to the merchant's POS terminal. The transaction

may then be completed. Depending on the agreement between the merchant and the

payment gateway, the payment amount may then be credited to the merchant's account

(alternatively, the crediting may be done later at settlement time). If the transaction is not

30 authorized, the payment gateway receives an authorization response message 151

indicating that the card transaction is declined; and the payment gateway indicates the

same to the POS terminal. In this case, the card holder must use another form of payment.

                Funds transfer from the issuing bank to the acquiring bank for authorized

transactions typically proceeds by means of a clearinghouse function implemented in

35 financial network 105. Either on a transaction-by-transaction basis, or in periodic (*e.g.,*

hourly, twice daily, daily, etc.) transaction batches, merchant 102 transmits capture

messages 154 to its acquiring bank requesting funds due and providing information on the

transaction for which they are due. Net capture messages 155 are then transmitted by the
5   acquiring bank into financial network 105. After performing a clearinghouse function, the
financial network transmits to issuing bank 103 further capture messages indicating the
transactions on that bank and requesting the net amount due. Issuing bank response to the
capture messages effects funds transfer. For a credit card, the card holder's account may
then be debited; for a debit card, the held funds are removed from the account.

10   Payment card processing has known variations to which the present
invention is equally applicable. First, issuing bank 103 and acquiring bank 104 may be the
same (known as "on-us" transactions). For "on-us" transactions, equivalent functions are
performed internally in the computer systems of one bank that were performed by different
banks in the example above; that is, transaction authorization functions, or their
15   equivalent, are performed at the TOS and settlement functions, or their equivalent,
between accounts are performed then or later. Because processing is internal, message
communication links 115 and 116 are now intra-bank, if they physically exist at all, and
use of a financial network is not always necessary. A further variation is exemplified by
American Express payment cards. American Express includes internally all the actors and
20   communication links of Fig. 5A; that is, American Express functions as the issuing bank,
the acquiring bank and the financial network. In this case also, authorization is performed
at the TOS with settlement occurring then or later. The elements of Fig 5A may be
functional and not physical.

           Preferred payment networks are those maintained by Visa, MasterCard
25   International Incorporated (Purchase, N.Y.), American Express, and Discover.

Gathering Tracking Information

           The automatic gathering of loyalty-program tracking information is based
upon minimal but novel modification to the above-described payment-card processing.
30   Gathering member-transaction tracking information, according to the present embodiment,
results from a side effect of authorization processing at the TOS. This processing in
skeleton form sends to the card issuer (or issuing bank) an electronic request message
seeking payment approval, which then returns to the POS an electronic response message
indicating, at least, payment approval or refusal. According to the present embodiment,
35   the card issuer during authorization processing simply transmits authorization-time ("auth-
time") message 153 (Fig. 5C) to administrative systems 22 and 23 (Fig. 2) of the loyalty
program, which contains information extracted from the payment authorization request

messages 150 and 151. This auth-time message includes minimal tracking information,

5 *i.e.*, card holder identifying information, merchant (generally POS) identifying
information, and the amount of the proposed transaction, which is necessarily present in
the pre-existing authorization request messages. Preferably, it may also include, where
available, information identifying the goods or services of the proposed transaction and
their supplier or manufacturer, or so forth, an indication of transaction approval or refusal,

10 and so forth, which permit more fine grained loyalty programs.

Generation of auth-time message 153 has several embodiments. In an
embodiment preferred for low cost and rapid implementation, this message is a pre-
existing payment-system message, already generated but now used for the additional
purpose of providing tracking information. This embodiment is described with reference

15 to Fig. 5B illustrates portion 118 of Fig. 5A in more detail. Herein, card issuer 103b is
illustrated as distinct from any third-party information processor 103a (where the card
issuer is its own processor, this distinction may be only functional). In this simple
embodiment, card issuer 103b issues id-only cards that are recognized by standard POS
equipment and appear to the payment network as valid credit cards, but to a card holder or

20 merchant appear, physically distinguishable from cards having an actual payment function
(for example, by not having an embossed account number or showing less than the
standard sixteen-digit number contained on credit cards). Payment must therefore be made
by another means (cash, check, credit card, or forth). To identify a purchase, or other
transaction, to the loyalty program, the member has the participant "swipe" such an id-only

25 card, or otherwise enters the id-only card information, into the POS equipment along with
at least the amount of the purchase. The payment system, in particular the payment
gateway, then generates authorization request message 151, which arrives across
transmission link 116 from financial network 105 at processor 103a, which then performs
authorization processing.

30 In one alternative of this simple embodiment, the card's payment functions
are disabled by marking the card account information maintained by the systems of the
processor 103a (of by the systems of the issuer 103b) so that all payment authorizations for
id-only cards are declined. In this case, an authorization response indicating denial is
returned to the merchant, and the id-card holder then effects actual payment by other

35 means. In existing payment-card systems and with simpler POS equipment, it may not be
possible to return to the POS a message indicating the true reason for denial. These
systems may be limited to providing only a single, unqualified approval-denied indicia.

Preferably, authorization response messages provided by the payment system are capable

5   of carrying, at least, coded reasons for approval denial, and one of the reason codes is for

the loyalty program and causes display of helpful indicia, for example indicating that

loyalty-program transaction identification is successful and payment may now be made.

More preferably, freely definable information may be transmitted in the

authorization response or in a message accompanying the authorization response. This

10   information may include incentivizing information, perhaps specific to the card holder.

Such information could include the estimated rebate/reward or other incentive just

received. It may also include reminders to the card holder from the loyalty program

system. Further, it may include promotional offers to the card holder at the point of sale.

Such offers could be for items related to that just purchased, or to offers related to the

15   merchant, or so forth.

Now, turning finally to generation of tracking information, during credit

card authorization denial in pre-existing payment-card networks, processor 103a usually

generates a further message reflecting the denial and including information about the

denied transaction, and transmits it at authorization time to issuing bank 103b via

20   communication link 117'. This real-time transmission of denial information helps the

issuing bank typically identify excessive credit usage by its customers, to identify and

staunch a developing fraud before losses accumulate, and for other security reasons. In the

present implementation, the pre-existing denial message is simply sent to the loyalty-

program administrative systems 22 and 23. In order words, loyalty program100 is made to

25   appear to processor 103a as the issuing bank 103b for these id-only cards, and thereby its

administrative systems (possibly along with the formal card issuer 103b) receive all denial

messages for id-type cards from processor 103a . The information in these auth-time

denial messages is sufficient for member transaction tracking.

For debit cards, similar authorization-time processing also permits a low

30   cost and rapid implementation by redirecting pre-existing authorization time messages to

the loyalty program. To authorize debit-card payment, processor 103a virtually always

communicates with issuing bank 103b, because it maintains the demand account records

for its debit card holders. Accordingly, at authorization time, processor 103a transmits a

message (often known as an "advice" message) over communications link 117 to issuing

35   bank 103b advising it of the transaction amount and requesting authorization. In normal

debit card processing, after checking for sufficient funds, and holding funds for settlement,

the issuing bank responds to the processor. For debit-type id-only cards, the loyalty

program again appears to processor 103a as the issuing bank, and its administrative

5   systems receive thereby all advice messages. These are illustrated as auth-time messages
.153 (Fig. 2). Administrative systems 100 then merely save transaction-tracking
information from advice message in its databases, and responds to processor 103a with a
message denying the requested transaction.

These embodiments of low cost and rapidly implementable transaction

10   tracking at authorization time are not limiting. For example, the computer systems and
software of the issuing bank or of its processor may be modified to routinely generate new
transaction tracking messages and transmit them to an appropriate loyalty program in all
cases. The loyalty program to which the message should be directed may be identified
from information stored in databases in association with the card numbers.

15

Use of Payment-Type Cards

Turning now to id-payment cards and first to debit-type id-payment cards,
loyalty-program tracking information can easily be obtained as just described from the pre-
existing advice messages. Advice messages are routinely transmitted at authorization time

20   to the issuing bank in order to check on funds availability and optionally to hold funds for
settlement, and they contain sufficient information for loyalty program transaction
tracking. These authorization-time messages can, for example, be simply mirrored to the
administrative systems of loyalty program 100 from processor 103a when they are
transmitted to issuing bank 103b. Alternatively, they can be re-transmitted from issuing

25   bank 103b to loyalty-program administrative systems. Second, for credit-type id-payment
cards, it may be necessary to minimally supplement authorization processing at processor
103a to produce a "pseudo-decline-type" message also in case of transaction approval.
This new "pseudo-decline-type" message would contain at least member and participant
identification and transaction amount so that the transaction can be tracked by loyalty

30   program 100,if such message is also re-transmitted from issuing bank 103b to loyalty-
program administrative systems.

Incentive cards with a stored-value component may function, in a further
embodiment, similarly to debit-type id-payment cards. These cards are (at least nominally)
issued by a qualified issuing organization, such as a card-association member bank, which

35   also holds the accounts funding these cards for individual member card holders.
Transaction tracking information may be generated as above by taking advantage of pre-
existing advice messages, or their equivalent, which may be mirrored from a processor or

re-transmitted from the card issuer to provide the tracking information. In case payment

5   authorization is declined due to insufficient funds or other cause, the payment processing

may still be used for identification only purposes, for example by obtaining tracking

information from pre-existing decline messages, and an appropriate message returned to

the POS. Using coded, or preferably free-form fields, in the authorization response

message, the card holder may be politely informed that, for example, although the holder's

10 rebate value pool is too low, the current transaction is already poised to replenish the

rebate value pool. Value is deposited in the debit-type id-card accounts asynchronously to

payment transaction processing by loyalty program administrative systems when rebates,

points, other reward currencies or rewards are allocated to direct incentives for particular

member cardholders. To carry out value updates, the loyalty program may send update

15 messages 157 (Fig. 5C) to the computer systems of the card issuer, or to those of its

processor, where the account value is stored and processed.

In an alternative embodiment, use of debit-type id-payment cards can be

restricted to achieve targeted and directed incentive programs. Directed programs can be

implemented by, for example, attaching rules to each id-payment account, or group of

20 accounts. The rules may be examined (or executed) at authorization time in view of

information transmitted as part of the authorization process (and possibly also in view of

the past behavior of a cardholder) to determine whether a particular transaction will be

authorized even if there are insufficient funds. Use of rebates or other incentives from a

particular merchant can be limited to future purchases at that merchant by identifying the

25 sources of funds in an account and authorizing a transaction only if the merchant

requesting the authorization is a source of sufficient funds. Similarly, use of rebates or

other incentives from a particular manufacturer can be limited to that manufacturer's

products if SKU or UPC information is available at authorization time so that the product

for purchase can be identified. Use of rebates or other incentives can be limited to

30 products of a particular manufacturer purchased at a particular merchant. Use of rebates or

other incentives can be limited to a particular time, by keeping track of an expiration date

for portions of the account and then debiting the account for that portion when it has

expired. Similarly, use of rebates or other incentives can be limited to frequent purchases,

purchasers in certain groups, or so forth.

35   The description above has considered only the information currently and

commonly available on payment networks. Currently, product identifying information of

SKU-type of UPC-type is not commonly available on payment networks. This

information may become available with the increasing use of smarter, more capable POS

5   equipment. When available, it can be extracted from payment network messages
illustrated in Fig. 5C and sent to the loyalty system, where it permits more granular loyalty
programs to be implemented. For example, the electronic or on-line equivalent of product
coupons may be cheaply implemented without the expense and customer inconvenience of
handling paper coupons. When the administrative systems track purchases of a particular

10   discounted product, the offered reward or rebate could be generated as a credit to the
member and a debit to the merchant or manufacturer; that is, as an electronic coupon. The
use of such an electronic coupon may be unrestricted or may be associated with rules
restricting use of the coupon to particular products as described above. One of skill in the
art may immediately conceive of further rebate or reward programs possible by using such

15   information.

Also, the description above has considered tracking information available at
authorization time. But the present invention is not so limited, and certain information
may be partially or entirely transferred later in the payment process, for example, at funds
capture time or in a batch-file transmitted on a periodic basis (daily, weekly or so forth) to

20   the loyalty program. Such information is represented by cap-time messages 156
transmitted to loyalty program 100. Although payment authorization generally needs to be
done at authorization time - authorization for id-only cards is always declined and
authorization for id-payment cards is checked - transmission of further transaction details
can be delayed until later. For example, product purchase identification can be transmitted

25   to the loyalty program when available and linked with earlier authorization time
information by, for example, a transaction identifier.

Although described above for off-line transactions at physical premises of
merchants, the above methods and systems can also be equally used to track on-line
transactions made at a merchant's "virtual" premises or through a merchant's catalog sales

30   system. For example, an id-only card can be used on-line (or over the telephone or by mail
or e-mail) in a manner exactly analogous to the off-line use described. It can be presented
first, followed by a payment card for actual payment. Id-payment cards can also be used
on-line.

35   ## Use of Private-Label Cards

The present invention also includes the use of above-described tracking
methods with private-label credit or payment cards. Individual merchants, such as

department stores or gasoline distributors, use such private-label credit cards to extend

5   credit to their customer only for purchases at their own venues. Since processing of these
cards usually involves an on-line authorization checking at the TOS by the merchant's
computer systems, all the above-described loyalty-program tracking methods can be
straightforwardly applied to these cards.

Additionally, merchants may have stored value cards that have a fixed

10   value that is debited for purchases. Where the current stored value is stored centrally on
merchant systems, then authorization time processing is usually preformed, and may be
similarly adapted to the above-described loyalty program tracking methods. In some cases,
the current value may be stored on the card itself (for example, as in a smart money card).
Here, the present invention can implement tracking methods by, for example, having

15   merchant POS equipment that records member transactions, at least member identity and
transaction amount, and makes this information available to the administrator systems,
either in real-time or for upload of batches of transactions. Alternately, the card may keep
a counter of the amount of transactions at the particular merchant. Tracking data may be
obtained by reading and resetting this counter by administrator (or merchant) systems.

20   This counter can be implemented in a smart card memory or on a legacy magnetic stripe.

Further variations in the capture of transaction tracking information from
payment network messages generated by the processing of payment cards of a wide variety
of types are within the spirit of the above description that will be apparent to one of skill in
the art in view of this description are also intended to be within the scope of this invention.

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5.3.4. <u>OTHER TRACKING MEANS</u>

Other methods of obtaining member-tracking information may also be used
in the present invention. For example, member purchases that are made via an electronic
wallet could be tracked. An electronic wallet is conventionally understood to be a

30   software component that resides on a user's computer and includes user identifying data
and data describing debit or credit cards that the user wishes to use for payment in on-line
transactions. An electronic wallet automatically and securely provides on-line this
payment information to a merchant. For use in the present invention, electronic wallet
software would additionally transmit on-line transaction information to administrative

35   systems 22 and 23 via, for example, the Internet. If a member with a local computer
wishes to use an electronic wallet for providing tracking information, the member would
first register for an electronic wallet on the administrative web site, and the electronic

wallet software would be downloaded onto the member's computer. Alternatively, instead
5   of an entire electronic wallet, upgrades or modifications to existing electronic wallets that
performed the additional functions relied on by this invention could be downloaded. Then,
the member's use of this electronic wallet in on-line purchases would automatically
generate and send tracking information to the loyalty system databases.

Generally, the present invention may be used with other electronic payment
10 means, such as electronic checks, electronic cash, the EZ-pass payment system, other
similar systems and so forth. These electronic payment forms may be implemented over
computer networks, such as the Internet or private financial networks, or by use of devices
such as smart cards, tamper-proof (or secure) memories, or so forth. These electronic
payment systems can easily be adapted for use in the present invention in a manner
15 generally similar to the methods described above for financial and payment networks. For
example, messages already generated during processing of these other electronic payment
means and containing transaction-tracking information can be copied to the administrative
systems of this invention. Alternatively, software modifications can generate additional
messages with transaction tracking for the administrative systems of this invention.
20 Thereby, member transaction tracking may then be collected without intervention of the
member or the participant during transactions of all types where payment is implemented
by such electronic payment means.

5.4. ALLOCATION OF LOYALTY AMOUNTS

25   With reference to Fig. 3, rebates, points, other reward currencies and
rewards 58 due from participants 51 because of member 50 transactions 57 are transferred
58 and 59, directly or indirectly, to escrow or other administrative account 56, or
alternatively to an account of administrator 52. For each member, rebates and other
incentive amounts received are allocated 73 to loyalty vehicles, either periodically (*e.g.*,
30 daily, weekly, monthly, or so forth), or when a specific minimum has been received, or so
forth, under control 64 of the administrator 52.

With reference to Fig. 2, periodically database systems 23 query
rebate/reward/incentive information 29 to determine the amounts due from the
participants. The administrative systems then communicate, for example, via FTP server
35 39, a request to the participants for these amounts. The participants, as agreed, then
request their banks or other agents to transfer these amounts to the financial or other
institutions holding administrator accounts, or the escrow or other administrative account,

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or through the member agents. When the transfers are completed, the financial or other

5   institutions notify the administrative system, for example, again through FTP server 39, and database systems 23 update reward/rebate/incentive information 29, member accounts 31, and its account information in administrative information 33 (or other data item), and other data items.

Also periodically, database system 23 queries the database for funds or

10   other incentive amounts available for allocation. This computation results in messages or FTP files transmitted to its agents, which instruct them, *inter alia*, to transfer monies or other incentive amounts to direct incentive accounts of the members or to security transfer agents and/or its security brokers to buy or sell securities. The administrative system monitors replies from its agents indicating successful completion of their instructions.

15   Items in database 26 are then appropriately updated.

The present invention can employ numerous loyalty vehicles. Illustrated in Fig. 3 are two preferred types of vehicles: equity investments and current incentives. Selection between these two types, and between subtypes of each type, is typically under the control of the members. An individual member may, for example, have a longer-term

20   savings orientation and choose equity or other investments, or shorter-term consumption orientation and choose current incentives. These control choices can be represented as allocation rules that are a function of, at least, member and participant identity, and also other factors, such as type of transaction or product purchased or the existence of a participant's current promotion programs. Such rules would be executed by administrator

25   52 in the process of rebate or reward allocation.

The two illustrated loyalty vehicles are next described in more detail.

5.4.1. EQUITY FUND INVESTMENTS

In one embodiment, member rebates are at least partially allocated to

30   equities, preferably equities of participants, and more preferably to a fund for investment by or through which the publicly traded equities of at least one participant are purchased. The latter embodiment is discussed in the following primarily with respect to merchant participants, but it can be immediately applied to participants of all types, for example to manufacturers or to credit card issuers.

35   In more detail, equity investments can be, for example, investments in individual securities or investments by or through a fund for investment, including a mutual fund, that purchases several securities (and, optionally, also cash). Individual

securities are preferably securities of the participant furnishing the particular rebate, or

5   participants furnishing rebates, to be allocated, or they may be one or more securities

chosen by or for the member for investment. Funds for investment, including mutual

funds, by or through which securities are purchased preferably purchase publicly traded

securities of at least one participant. Purchase and sale of securities or mutual funds are

only schematically illustrated in Fig. 3 by loyalty vehicle 63. In a typical scenario, the

10   administrator would use a broker agent, which would buy and sell on security exchanges

or in other public markets 65 under administrator 52 direction. Rebates, rewards and other

incentives allocated to equity investments would then be sent to (or received from) a the

security broker or transfer or other agent, which would also hold and/or transfer securities.

In the case of a mutual or similar fund, a security broker or transfer agent could hold a

15   position in the fund's securities proportionately for the benefit of each member and/or

issue shares proportionately to members. Members may also be able to request their own

transactions in securities and transactions by or through funds for investment as illustrated

by interaction 68. The next subsection describes the operation of funds for investment in

more detail.

20   Loyalty vehicles including funds for investment that purchase publicly

traded equities of at least one participant are the preferred loyalty vehicles and are

described next in more detail.

Concerning the preferred equity fund loyalty vehicle, now described are the

preferred methods of converting rebates and other incentive amounts to securities

25   purchased by or through the fund or to shares in the fund, preferred methods for

purchasing equities and the preferred methods for fund administration. These are followed

by a fund example. First, in the preferred method of converting the rebates and other

incentive amounts that members have earned through their purchases into shares of an

investment, database server 23 periodically (e.g., preferably monthly) queries the member

30   purchase/rebate information 29 to locate member accounts that have total rebate and other

incentive amounts that exceed a specified minimum amount (e.g., the minimum amount

may be less than $10, $100 or other appropriate amount). The result of the query is then

compiled into a FTP file and sent to a FTP server at the transfer agent, broker dealer or

other agent previously selected by the administrator. The administrator also causes monies

35   in the escrow or other administrative account 56 corresponding to these rebate and other

incentive amounts (less any fees that may be charged by the administrator) to be forwarded

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to this transfer agent, broker dealer or other agent so that the monies can be invested in the

5   equities 63, preferably in the publicly traded equities of at least one participant.

Next, in the preferred embodiment of purchasing securities of at least one participant, database server 23 preferably queries stored purchase/rebate information 29 to determine what securities of at least one participant should be purchased and in what amount(s). Specifically, in the preferred automated embodiment, the database server 23

10   calculates the amount of rebate monies and other incentive amounts received from each publicly-traded participant whose publicly traded securities are purchased by or through the fund. Server 23 also preferably calculates the rebate monies and other incentive amounts received from participants whose securities are not purchased by or through the fund so that these monies may be invested across the fund's then existing portfolio or array

15   of securities purchased (or otherwise invested). This information is then compiled into an FTP file that is sent via the administrator FTP servers 39 to the FTP server of a previously selected security broker.

The rebate monies and other incentive amounts are preferably invested as follows: First, to the extent that a participant is, or is a subsidiary of, a publicly traded

20   entity (a public participant) listed on a nationally recognized United States securities market or international securities market (e.g., the NYSE, the NASDAQ Stock Market, the London Stock Exchange, Tokyo Stock Exchange, etc.), the rebate monies and incentive amounts received from the participant are invested in shares of equity securities of that participant or that participant's publicly traded parent company, if that participant's

25   securities are purchased by or through the fund in the amounts so indicated. Second, to the extent that the securities of a participant or its parent are not purchased by or through the fund in the amounts so indicated, , then the rebate monies and other incentive amounts received from the participant may be preferably invested across the array of securities that have been purchased by or through the fund. Alternatively, such participant rebate monies

30   and other incentive amounts could be invested in other publicly traded companies. Third, the fund, may at the discretion of the administrator, use rebate monies or other amounts available for investment (or reallocate rebate monies and other incentive amounts received from a specific participant to the purchase of shares of companies other than such participant) to maintain diversification as may be required by SEC or international or other

35   regulations. Fourth, the fund, at the discretion of the administrator or otherwise, may retain certain amounts in cash or purchase other securities as dictated by prudence and fiduciary considerations.

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The selected broker purchases the participant or other securities (as

5   illustrated by interaction 66) as directed by the administrator or otherwise and transmits a

confirmation FTP file to the administrator FTP server 39. The server database 23 then

accesses the confirmation file and automatically updates the stored investment and/or fund

information 30 to reflect the security purchases.

Instead of sending an FTP file to the broker, the database server 23 may·

10   simply generate information regarding what participant or other securities should be

purchased, and the administrator could then simply provide the purchase information to·

the broker verbally, in writing, or by some other electronic means. If a transfer or other

agent is used, the broker or the administrator preferably provides the security purchase

information to the transfer or other agent via an FTP file, via other electronic means, or

15   through other available means. As mentioned above, the administrator may perform the

functions of the broker or transfer or other agent.

As illustrated by interaction 67, the administrator periodically provides

information concerning the fund to its members. In the preferred embodiment, the broker

dealer or transfer or other agent periodically provides fund and investment information to

20   the administrator via an FTP file, via other electronic means, or through other available

means, and such information is compiled by the administrative system and provided on

member home pages and/or e-mailed to the members. For example, information

concerning the fund and/or securities, such as reports, statements, forms, and general

correspondence is made available on member account pages and/or is e-mailed to the

25   members via the server.

The fund provides returns on investments to the members as also shown by

interaction 67. Of course, the value of a member's investments is subject to not only

earned rebates/other incentive amounts and direct purchases of securities in, by or through

the fund, but also the performance of the securities themselves. In the case of a mutual

30   fund, the value of the fund rises and falls with the value of its underlying securities. When

a member seeks to redeem or sell all or some of the member-owned securities for cash, the

member is required to send a redemption or sell form to the administrator. The form is

preferably available on-line at the member account-page.·

The redemption or sell requests are preferably accepted and processed on a

35   periodic basis such as daily, monthly, or quarterly. In the preferred embodiment, the

redemption or sell form is received on-line by the database server 23, compiled into an

FTP file, and sent via administrator FTP server 39 to the selected transfer agent's or broker

dealer's FTP server. The transfer agent or broker dealer then processes the form, and

5   sends a confirmation file to the administrator FTP server 39. The server database 23 then

accesses the file, and updates the stored fund or investment information 30 and member

account information 31. · Other electronic means that can provide the relevant information

to/from the administrative system 22 and 23 and the transfer agent or broker dealer may

also be used.

10   Advantageously, members may also choose to make direct investments in

or through the fund. Such investments may be completed at the administrator web site via

a credit card or other type of purchase. Additionally, members may elect to make direct

investments in or through the fund by direct deposit arrangements, checks submitted to the

administrator, or other payment mechanisms. Once the direct investment purchase is

15   made, purchase/rebate stored information 29 is preferably automatically updated to reflect

this activity. Advantageously, database server 23 may periodically calculate the total

amount of such direct investments in the escrow or other administrative account, add it to

the total amount of rebates or other incentives received from participants whose securities

are not purchased by or through the fund, and invest or direct the broker agent to invest the

20   total amount across the fund's then existing portfolio or array of securities purchased.

5.4.2. DIRECT INCENTIVES

Next, current incentives may be of several types, and are preferably
implemented as id-payment cards of the debit type with associated authorization-time

25   rules, which determine how the stored value may be used by authorizing or declining

proposed payments. For example, a certain participant may wish to give an unrestricted

"cash-back" promotion on certain products, in which use of these amounts are not subject

to any rules. The cash-back amount can be changed from time-to-time upon information

provided to administrator 52 by participant 51 (preferably by electronic messages between

30   their computer systems). Alternatively, another participant may wish to limit use of

rebates, rewards or other incentives to the same or related products, in which case the rules

would authorize payment only for these products. If a transaction is not authorized, a

helpful, incentivizing message may preferably be returned to the member at the POS

explaining the lack of approval. The tied products may be changed from time to time upon

35   information provided by the participant. Also, a merchant may give rebates or other

incentives usable only at the store of the original transaction. Other current incentive

schemes, which are known to those of skill in the marketing arts, can be implemented by

5   appropriate authorization time rules.

These rules, if any, associated with the amounts stored for an id-debit card are executed at authorization time by the issuing bank or by its third-party processor in order to authorize transactions.

10   5.5. **OTHER EMBODIMENTS**

While the invention has been described in conjunction with specific embodiments, it is evident that numerous alternatives, modifications, and variations will be apparent to those skilled in the art in light of the foregoing description. For example, while in the preferred embodiments, the database server 23 automatically updates its

15   stored information to reflect member purchases, rebate monies and incentive amounts owed to and received by the administrator, and information relating to the member's allocation among loyalty vehicles, the administrator may gather some or all of this information via other means and input such information into the database server 23. Moreover, many of the administrator functions described above may be out-sourced by the

20   administrator to third party information processing organizations. For example, the tracking of member purchases, the billing of participants for rebate monies and incentive amounts, and the receipt of such rebate monies and incentive amounts may be performed by an information processing organization under the general direction of the administrator. Moreover, the administration of the escrow account that holds the rebate monies and other

25   incentive amounts may be out-sourced. In such cases, the relevant information is provided (preferably electronically) to the administrator, inputted into the database server 23, and maintained in the database server 23.

Also, the various processing and data storage functions of the invention can be allocated among the actors participating in a loyalty program other than in the preferred

30   allocation described above. For example, participants may themselves store transaction-tracking information, whether it is determined by them or determined by a financial network or other electronic payment means. Using this stored tracking information, participants may then compute rebates and other incentive amounts due members on the basis of their own rebate and incentive schedules, and cause amounts due to be forwarded

35   to the administrator without administrator intervention.

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The invention described and claimed herein is not to be limited in scope by

5   the preferred embodiments herein disclosed, since these embodiments are intended as

illustrations of several aspects of the invention. Any equivalent embodiments are intended

to be within the scope of this invention. Indeed, various modifications of the invention in

addition to those shown and described herein will become apparent to those skilled in the

art from the foregoing description. Such modifications are also intended to fall within the

10 scope of the appended claims.

A number of references are cited herein, the entire disclosures of which are

incorporated herein, in their entirety, by reference for all purposes. Further, none of these

references, regardless of how characterized above, is admitted as prior to the invention of

the subject matter claimed herein.

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WHAT IS CLAIMED IS:

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1. A computer system for incentivizing members of a consumer-loyalty program comprising:

a processor, and

a computer-readable memory accessible to the processor, wherein the memory

10   comprises data and programs for causing the processor to:

a)   identify member transactions that are of interest to at least one of

one or more program participants, whereby the members are incentivized to

make further transactions with participants, and wherein a transaction made

by a member is identified in cooperation with a financial network and in

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dependence on identifying information provided by the member during the

transaction,

b)   receive incentives for the members due from the participants

determined in dependence on the identified transactions, and

20   c)   allocate the received incentives among at least one of one or more

loyalty vehicles for the benefit of the members,

whereby the members are incentivized to perform further transactions of interest

thereby enhancing consumer loyalty.

25   2. The system of claim 1 wherein a member transaction that is performed at a participant

is of interest to the participant.

3. The system of claim 1 wherein a member transaction the subject of which comprises

30   participant goods or participant services is of interest to the participant.

4. The system of claim 3 wherein the participant services comprise transaction payment

services.

35   5. The system of claim 1 further comprising a communication interface with the financial

network for exchanging data identifying member transactions.

6. The system of claim 1 further comprising a communications interface with computer

5   systems of one or more participants for exchanging participant instruction data.

7. The system of claim 1 wherein the program allocates determined incentives in

dependence on at least allocation-instruction data received from the participants.

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8. The system of claim 1 wherein the program allocates determined incentives in

dependence on at least allocation-instruction data received from a member for that

member's incentives.

15 9. The system of claim 1 wherein identifying information is derived from biometric data

scanned from a member during a transaction.

10. The system of claim 9 wherein the biometric data comprises characteristics of a

member's retina, or of a member's fingerprint, or of a member's voice.

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11 The system of claim 1 wherein identifying information is provided during member

transactions from portable-member-identification devices, each member having an

identification device carrying that member's identifying information.

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12. The system of claim 11 wherein the identifying devices comprise personal digital

assistants, or hand-held computers, or cell phones, or portable computing devices.

13. The system of claim 11 wherein the identifying devices comprise at least one device in

30 the form of a standard credit card.

14. The system of claim 13 wherein the identifying devices comprises loyalty-program

member cards, or credit cards, or debit cards, or store-issued credit cards, or stored-value

cards.

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15. The system of claim 13 wherein the loyalty-program-member cards in cooperation with

the financial network cause presentation of at least one message during a member

transaction having indicia indicating that the member transaction has been identified.

5   16. The system of claim 11 wherein the identifying device in cooperation with the
financial network provides for at least partial payment of member transactions.

17. The system of claim 1 wherein the program further causes the processor to receive
member-registration information for registration of new members.

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18. The system of claim 1 wherein new member registration further comprises exchanging
new member identifying information with the financial network.

19. The system of claim 18 wherein new member registration further comprises issuing

15 cards which can be processed by a financial network for providing at least partial payment
for member transactions.

20. The system of claim 19 wherein the payment comprises values of direct incentives.

20 21. The system of claim 1 wherein the financial network further processes payment by
credit card.

22. The system of claim 1 wherein the identification of member transactions further
comprises identifying values of the member transactions.

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23. The system of claim 1 wherein member transactions comprise purchasing goods or
services, and wherein the identification of member transactions further comprises
identifying the purchased goods and services.

30 24. The system of claim 1 further comprising member identification devices for providing
identifying information during transactions.

25. The system of claim 24 wherein member identification devices do not have a payment
function, and wherein the financial network does not authorize payment by member

35 identification devices when member identification devices are presented during member
transactions at participants.

26. The system of claim 25 wherein the financial network further transmits messages to
5   locations where members have presented member identification devices, and wherein the
transmitted message includes indicia indicating that the member transaction has been
successfully identified.

27. The system of claim 24 wherein member identification devices have a payment
10   function, and wherein the financial network authorizes at least partial payment by member
identification devices when member identification devices are presented during member
transactions at participants.

28. The system of claim 27 wherein the member identification devices is a credit card,
15   debit card, store-issued credit card or stored-value card.

29. The system of claim 24 wherein identification devices are issued by at least one bank
that is a participant, and wherein the bank determines an incentive amount based on
aggregate transactions made using the bank's issued identification devices.
20

30. The system of claim 1 wherein incentives comprise rebates, and wherein the rebates
received vary in dependence on both the total transaction value and on the identities of the
goods and services purchased.

25   31. The system of claim 1 wherein the participants are merchants, manufacturers, or
providers of payment services to the members.

32. The system of claim 1 wherein the loyalty vehicles further comprise an investment
fund, and wherein the composition of the fund reflects at least in part the rebates received
30   from the participants.

33. The system of claim 1 wherein the loyalty vehicles further comprise direct member
incentives, and wherein the direct incentives comprise values which are available for at
least partial payment of member transactions according to the specifications of the
35   participants.

34. The system of claim 33 wherein the specifications of the participants comprise
5   limitations on the subject or the location of member transactions.

35. The system of claim 1 wherein the program causes to processor further to:
        a)   identify member transactions at the participants, and
        b)   request rebates from the participants according to the identified member
10   transactions.

36. The system of claim 1 wherein identification of member transactions further
comprises identifying the identities of goods and services purchased, and wherein the
processors determine rebates due to vary in dependence on the identities of the goods and
15 services purchased.

38. The system of claim 21 wherein the loyalty vehicles comprise at least one investment
fund for the benefit of at least one member, wherein the investment fund includes
securities.
20

39. The system of claim 22 wherein the securities comprise the publicly traded securities
of at least one participant.

40. A computer system for incentivizing members of a consumer-loyalty program
25 comprising:

        a processor,

        a database accessible to the processor storing information representing:
                (i) members of the program including member-identifying information for
                each member, (ii) participants in the program that seek to incentivize
30   members, and (iii) member transactions of interest to the participants, and,
        a computer-readable memory accessible to the processor, wherein the memory
        comprises data and programs for causing the processor to:
                a)   receive and store in the database transaction-identification
35   information identifying member transactions of interest to at least one
                participant, wherein transactions made by members are identified in
                cooperation with a financial network and in dependence on the member-
                identifying information provided during the transactions,

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b)   receive and store incentive information that represents incentives for
the members due from the participants which are determined in dependence
on the stored transaction-identification information, and

c)   allocate and store the incentive allocation information that
represents allocation of member incentives among at least one of one or
more loyalty vehicles for the benefit of the members,

whereby the members are incentivized to perform further transactions of interest
thereby enhancing consumer loyalty.

41. The system of claim 40 wherein the loyalty vehicles comprise a first and a second
loyalty vehicle, and wherein incentive allocation further comprises allocating incentives
between the first loyalty vehicle and the second loyalty vehicle.

42. The system of claim 40 wherein the financial network further processes payment by
credit card.

43. The system of claim 40 wherein identification of member transactions further
comprises identifying values of the member transactions.

44. The system of claim 40 wherein member transactions comprise purchasing goods or
services, and wherein identification of member transactions further comprises identifying
the purchased goods and services.

45. The system of claim 40 wherein incentives comprise rebates, and wherein the rebates
received vary in dependence on both the total transaction value and on the identities of the
goods and services purchased.

46. The system of claim 40 wherein the participants are merchants, manufacturers, or
providers of payment services to the members.

47. The system of claim 40 wherein the program further causes the processor to receive
and store member registration information for registering new members and to exchange
new-member identifying information with the financial network.

48. The system of claim 47 wherein new member registration further comprises issuing
5   cards which can be processed by a financial network for providing at least partial payment
for member transactions.

49. The system of claim 48 wherein the payment comprises values of direct incentives.

10 50. The system of claim 40 wherein the program further causes the processor to transmit
information to the participants representing incentives due from the participants, according
to which the participants make the incentive-due values available for allocation.

51. The system of claim 40 wherein incentive-due values are allocated to at least one
15 loyalty vehicle providing for at least partial payment for member transactions.

52. The system of claim 40 wherein incentive-due values are allocated to at least one
loyalty vehicle comprising an investment having securities fund comprising securities.

20
53. The system of claim 52 wherein the securities comprise the publicly traded securities
of at least one participant.

54. The system of claim 40 wherein incentive-due values are further allocated to at least
25 one loyalty vehicle providing for at least partial payment for member transactions

55. The system of claim 51 wherein the program further causes the processor to receive
information indicating that the determined incentives have been made available and
allocated for the benefit of the members.

30
56. The system of claim 40 wherein the member-identifying information is provided
during member transactions from portable-member-identification devices, each member
having an identification device carrying that member's identifying information.

35 57. The system of claim 56 wherein the identification devices in cooperation with the
financial network provide for at least partial payment of member transactions.

58. The system of claim 56 wherein the identification devices comprise loyalty-program

5   member cards, or credit cards, or debit cards, or store-issued credit cards, or stored-value

cards.

59. The system of claim 58 wherein the loyalty-program-member cards in cooperation with

the financial network cause presentation of at least one message during the transaction

10 having indicia indicating that the member transaction has been identified.

60. The system of claim 40 wherein the program further causes the processor to provide to

members their status in the loyalty program.

15 61. The system of claim 40 wherein the stored participant information further comprises

participant incentive-allocation-instruction information, and wherein the program further

causes the processor to allocate and store incentive allocation information at least in

dependence on the stored incentive-allocation-instruction information.

20 62. The system of claim 40 wherein the program allocates determined incentives in

dependence on at least allocation-instruction data received from a member for that

member's incentives.

63. The system of claim 40 wherein incentive amounts due are determined as incentive

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percentages of total member transaction values, and wherein the incentive percentages are

provided by the participants.

64. The system of claim 40 wherein the stored member-transactions information

comprises identities of goods and services purchased by the member, and wherein

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incentive amounts due are determined variably in dependence on the identities of the

goods and services.

65. A computer system incentivizing members of a consumer-loyalty program comprising:

        a processor,

35   a database accessible to the processor storing information representing:

               (i) members of the program, (ii) participants in the program that seek to

               incentivize members, and (iii) member transactions of interest to the

               participants, and,

a computer-readable memory accessible to the processor, wherein the memory

5   comprises data and programs for causing the processor to:

a)   receive and store in the database transaction-identification

information identifying member transactions of interest to at least one

participant, wherein the transaction-identification information is received

from electronic payment devices that members employ for transactions,

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b)   receive and store incentive information that represents incentives for

the members due from the participants which are determined in dependence

on the stored transaction-identification information, and

c)   allocate and store the incentive allocation information that

represents allocation of member incentives among at least one of one or

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more loyalty vehicles for the benefit of the members,

whereby the members are incentivized to perform further transactions of interest

thereby enhancing consumer loyalty.

20   66.   The system of claim 65 wherein the electronic payment means comprise a credit card,

or a debit card, or an electronic check, or an amount of electronic cash.

67.   A computer system incentivizing members of a consumer-loyalty program comprising:

a processor,

25   a database accessible to the processor storing information representing:

(i) members, (ii) participants in the program that seek to incentivize

members, and (iii) member transactions of interest to the participants, and,

a computer-readable memory accessible to the processor, wherein the memory

comprises data and programs for causing the processor to:

30

a)   receive and store in the database transaction-identification

information identifying member transactions of interest to at least one

participant,

b)   receive and store incentive information that represents incentives for

the members due from the participants which are determined in dependence

35
on the stored transaction-identification information, and

c)   allocate and store the incentive allocation information that

represents allocation of member incentives among at least of one or more

loyalty vehicles for the benefit of the members,

whereby the members are incentivized to perform further transactions of interest

thereby enhancing consumer loyalty.

68. The system of claim 67 wherein the transaction-identifying information is received

from at least one participant.

69. The system of claim 67 wherein the loyalty vehicles comprise a first and a second

loyalty vehicle, and wherein incentive allocation further comprises allocating incentives

between the first loyalty vehicle and the second loyalty vehicle.

70. The system of claim 67 wherein the financial network further processes payment by

credit card.

71. The system of claim 67 wherein identification of member transactions further

comprises identifying values of the member transactions.

72. The system of claim 67 wherein member transactions comprise purchasing goods or

services, and wherein identification of member transactions further comprises identifying

the purchased goods and services.

73. The system of claim 67 further comprising member identification devices for

providing identifying information during transactions.

74. The system of claim 73 wherein member identification devices do not have a payment

function, and wherein the financial network does not authorize payment by member

identification devices when member identification devices are presented during member

transactions at participants.

75. The system of claim 74 wherein the financial network further transmits messages to

locations where members have presented member identification devices, and wherein the

transmitted messages include indicia indicating that the member transactions have been

5   successfully identified.

76. The system of claim 73 wherein member identification devices have a payment
function, and wherein the financial network authorizes at least partial payment by member
identification devices when member identification devices are presented during member

10   transactions.

77. The system of claim 76 wherein the member identification devices comprise a credit
card, or a debit card, or a store-issued credit card, or a stored-value card.

15   78. The system of claim 73 wherein identification devices are issued by at least one bank
that is a participant, and wherein the bank determines an incentive amount based on total
transaction values made using the bank's identification devices.

79. The system of claim 67 wherein incentives comprise rebates, and wherein the rebates
20   received vary in dependence on both the total transaction value and on the identities of the
goods and services purchased.

80. The system of claim 67 wherein the participants are merchants, manufacturers, or
providers of payment services to the members.
25

81. The system of claim 67 wherein the loyalty vehicles further comprise direct member
incentives, and wherein the direct incentives comprise values which are available for at
least partial payment of member transactions according to the instructions of the
participants.
30

82. The system of claim 67 wherein the program causes to processor further to:
        a)   identify member transactions at the participants, and
        b)   request rebates from the participants according to the identified member
        transactions.
35

83. The system of claim 67 wherein the identifying of member transactions further
comprises identifying the identities of goods and services purchased, and wherein the

61

processors determine rebates due to vary in dependence on the identities of the goods and

5   services purchased.

84. The system of claim 67 wherein a member transaction performed at participant is of

interest to the participant.

10   85. The system of claim 67 wherein a member transaction for participant goods or

participant services is of interest to the participant.

86. The system of claim 67 wherein the incentives comprise rebates.

15
87. The system of claim 67 wherein the stored transaction-identifying information

includes transaction total values and identities of transaction goods or services, and

wherein incentives are determined further in dependence on the total transaction values or

on the identities of the goods and services purchased.

20
88. A method of incentivizing members of a consumer loyalty program comprising:

a)   identifying member transactions that are of interest to at least one of one or

more program participants, wherein the participants seek to incentivize further

member transactions, and wherein transactions made by a member are identified in

25   dependence on identifying information provided by the member during the

transactions,

b)   receiving incentives for the members due from the participants determined

in dependence on the identified transactions, and

c)   allocating the determined incentives among at least one of one or more

30   loyalty vehicles for the benefit of the members,

whereby the members are incentivized to perform further transactions of interest thereby

enhancing consumer loyalty.

35 89. The method of claim 88 further comprising a step of determining incentives in

dependence also on instructions received from the participants.

62

90. The method of claim 88 wherein the loyalty vehicles comprise a first and a second

5   loyalty vehicle, and wherein the step of allocating further comprises allocating incentives
between the first loyalty vehicle and the second loyalty vehicle.

91. The method of claim 88 wherein the step of identifying member transactions further
comprises identifying values of the member transactions.

10

92. The method of claim 91 wherein incentive amounts are determined in dependence on
transaction values and on the identities of goods and services included in the transaction.

93. The method of claim 92 wherein the transaction values are values of the participant

15   goods or the participant services.

94. The method of claim 88 wherein member transactions comprise purchasing goods or
services, and wherein the step of identifying member transactions further comprises
identifying the purchased goods and services.

20

95. The method of claim 88 wherein the participants are merchants, or manufacturers, or
suppliers, or providers of payment services, or providers of financial products.

96. The method of claim 88 wherein the members are individual consumers.

25

97. The method of claim 88 wherein a member transaction that is performed at a
participant is of interest to the participant.

30 98. The method of claim 88 wherein a member transaction the subject of which comprises
participant goods or participant services is of interest to the participant.

99. The method of claim 98 wherein the step of identifying member transactions further
comprises identifying the participant goods or participant services included in the

35 transactions.

100. The method of claim 99 wherein the incentives are determined in dependence on

5   transaction values and the identities of the participant goods or on participant services

included in the transaction.

101. The method of claim 100 wherein the transaction values are values of the participant

goods or the participant services.

10

102. The method of claim 88 wherein received incentive amounts are determined at least

in part as percentages of values of member transactions.

103. The method of claim 88 wherein at least one loyalty vehicle further comprises an

15   investment fund including publicly-traded securities of at least one participant, and

wherein the securities are purchased using values derived from incentives received from

the participants.

20   104. The method of claim 103 wherein the derived values comprise an exchange of

incentive values for monetary values.

105. The method of claim 88 wherein the information identifying member transaction is

provided in cooperation with a financial network.

25

106. The method of claim 105 wherein the financial network further processes payment

by credit card.

107. The method of claim 105 wherein the identifying information is provided by member

30   identification devices presented by members during transactions.

108. The method of claim 107 wherein member identification devices do not have a

payment function, and wherein the financial network does not authorize payment by

member identification devices when member identification devices are presented during

35   member transactions at participants.

109. The method of claim 107 wherein the member identifying devices in cooperation with
5   the financial network cause transmission of at least one message during a member
transaction having indicia indicating that the member transaction has been identified.

110. The method of claim 109 wherein the indicia comprise credit-card-authorization-
declined indicia, or debit-card-approval-declined indicia, or credit-card-pseudo-declined
10   indicia, or debit-card-pseudo-declined indicia.

111. The method of claim 105 further comprising a step of receiving new-member
registration information for registering new member of the loyalty program.

15   112. The method of claim 111 wherein new member registration further comprises a step
of issuing member identification device that can be processed by the financial network for
providing at least partial payment for member transactions.

113. The method of claim 112 wherein payment comprises values of direct incentives.
20

114. The method of claim 112 wherein identification devices are issued by at least one
bank that is a participant, and wherein the bank determines an incentive amount based on
total transaction values made using the bank's identification devices.

25   115. The method of claim 88 wherein at least one loyalty vehicle further comprises direct
member incentives that are available for member use in at least partial payment of at least
one member transaction.

116. The method of claim 115 wherein member use of direct member incentives is
30   according to instructions received from the participant.

117. The method of claim 115 comprising the additional steps of:
        issuing identification devices that can be processed by the financial network, and
        processing the identification device to provide at least partial payment for member
35   transactions from the values of the direct incentives.

118. The method of claim 88 comprising the additional steps of:

issuing identification devices to members that can be processed by the financial

5   network, and

processing the identification device to provide at least partial payment for member

transactions from the values of the direct incentives.

119. The method of claim 118 wherein the incentives comprise rebates.

10

120. The method of claim 88 further comprising the step of requesting incentives values

that have been determined to be due the participants for the benefit of the members

121. The method of claim 120 wherein the incentives comprise rebate values.

15

122. The method of claim 88 wherein identifying information is derived from biometric

data scanned from a member during a transaction.

123. The method of claim 88 wherein identifying information is provided during member

20

transactions from portable-member-identification devices, each member having an

identification device carrying that member's identifying information.

124. The method of claim 123 wherein the identifying devices comprises loyalty-program

25   member cards, or credit cards, or debit cards, or store-issued credit cards, or stored-value

cards.

125. A computer-implemented method for incentivizing members of a consumer-loyalty

program comprising:

30   a)   receiving and storing in a database transaction-identification information

identifying member transactions of interest to at least one participant,

wherein the database is accessible to a processor and stores information

representing: (i) members of the program including member-identifying

information for each member, (ii) participants in the program that seek to

35

incentivize members, and (iii) member transactions of interest to the

participants, and

66

wherein transactions made by a member are identified in cooperation with a
financial network and in dependence on the member-identifying
information provided during the transactions,

b)   receiving and storing incentive information that represents incentives for
the members due from the participants which are determined in dependence on the
stored transaction-identification information, and

c)   allocating and storing the incentive allocation information that represents
allocation of member incentives among at least one of one or more loyalty vehicles
for the benefit of the members,

whereby the members are incentivized to perform further transactions of interest thereby
enhancing consumer loyalty.

126. The method of claim 125 wherein the loyalty vehicles comprise a first and a second
loyalty vehicle, and wherein the step of allocating further comprises allocating incentives
between the first loyalty vehicle and the second loyalty vehicle.

127. The method of claim 125 wherein the financial network further processes payment
by credit card.

128. The method of claim 125 wherein the step of receiving transaction-identification
information further comprises receiving values of the member transactions.

129. The method of claim 125 wherein member transactions comprise purchasing goods
or services, and wherein the step of receiving transaction-identification information further
comprises receiving information identifying the purchased goods and services.

130. The method of claim 125 wherein incentives comprise rebates, and wherein the
rebates received vary in dependence on both the total transaction value and on the
identities of the goods and services purchased.

131. The method of claim 125 wherein the participants are merchants, manufacturers, or
providers of payment services to the members.

132. The method of claim 125 further comprising a step of receiving and storing member

5   registration information for registering new members and to exchange new-member
identifying information with the financial network.

133. The method of claim 132 wherein new member registration further comprises issuing
cards which can be processed by a financial network for providing at least partial payment

10   for member transactions.

134. The method of claim 133 wherein the payment comprises values of direct incentives.

135. The method of claim 125 further comprising a step of transmitting information to the

15   participants representing incentives due from the participants, according to which the
participants make the incentive-due values available for allocation.

136. The method of claim 125 wherein incentive-due values are allocated to at least one

20   loyalty vehicle providing for at least partial payment for member transactions.

137. The method of claim 125 wherein incentive-due values are allocated to at least one
loyalty vehicle comprising an investment having securities fund comprising securities.

25   138. The method of claim 137 wherein the securities comprise the publicly traded
securities of at least one participant.

139. The method of claim 125 wherein incentive-due values are further allocated to at
least one loyalty vehicle providing for at least partial payment for member transactions

30
140. The method of claim 136 further comprising the step of receiving information
indicating that the determined incentives have been made available and allocated for the
benefit of the members.

35   141. The method of claim 125 wherein the member-identifying information is provided
during member transactions from portable-member-identification devices, each member
having an identification device carrying that member's identifying information.

5 142. The method of claim 141 wherein the identification devices in cooperation with the financial network provide for at least partial payment of member transactions.

143. The method of claim 141 wherein the identification devices comprise loyalty-program member cards, or credit cards, or debit cards, or store-issued credit cards, or
10 stored-value cards.

144. The method of claim 143 wherein the loyalty-program-member cards in cooperation with the financial network cause presentation of at least one message during the transaction having indicia indicating that the member transaction has been identified.
15

145. The method of claim 125 further comprising the step of providing to members their status in the loyalty program.

146. The method of claim 125 wherein the stored participant information further
20 comprises participant incentive-allocation-instruction information, and wherein incentive allocation further comprises allocation at least in dependence on the stored incentive-allocation-instruction information.

147. The method of claim 125 wherein the determined incentives are allocated in
25 dependence on at least allocation-instruction data received from a member for that member's incentives.

148. The method of claim 40 wherein the stored member-transactions information
30 comprises identities of goods and services purchased by the member, and wherein incentive amounts due are determined variably in dependence on the identities of the goods and services.

149. The method of claim 125 wherein the stored member-transactions information
35 comprises identities of goods and services purchased by the member, and wherein the incentive amounts due are determined variably in dependence on the identities of the goods and services.

150. A computer-implemented method for incentivizing members of a consumer-loyalty program comprising:

    a)   receiving and storing in a database transaction-identification information identifying member transactions of interest to at least one participant,

        wherein the database is accessible to a processor and stores information representing: (i) members of the program including member-identifying information for each member, (ii) participants in the program that seek to incentivize members, and (iii) member transactions of interest to the participants, and

        wherein the transaction-identification information is received from electronic payment devices that members employ for transactions,

    b)   receiving and storing incentive information that represents incentives for the members due from the participants which are determined in dependence on the stored transaction-identification information, and

    c)   allocating and storing the incentive allocation information that represents allocation of member incentives among at least one of one of more loyalty vehicles for the benefit of the members,

whereby the members are incentivized to perform further transactions of interest thereby enhancing consumer loyalty.

151. The method of claim 150 wherein the electronic payment means comprise a credit card, or a debit card, or an electronic check, or an amount of electronic cash.

152. A computer-implemented method for incentivizing members of a consumer-loyalty program comprising:

    a)   receiving from the participants and storing in a database transaction-identification information identifying member transactions of interest to at least one participant, wherein the database is accessible to a processor and stores information representing: (i) members of the program including member-identifying information for each member, (ii) participants in the program that seek to incentivize members, and (iii) member transactions of interest to the participants,

b)   receiving and storing incentive information that represents incentives for

5   the members from the participants which are determined in dependence on at least

the stored transaction-identification information, and

c)   allocating and storing the incentive allocation information that represents

allocation of member incentives among one of at least one loyalty vehicles for the

use by the members,

10 whereby the members are incentivized to perform further transactions of interest to the

participants thereby enhancing consumer loyalty.

153. The method of claim 152 wherein the transaction-identifying information is received

15 from at least one participant.

154. The method of claim 152 wherein the loyalty vehicles comprise a first and a second

loyalty vehicle, and wherein the step of allocating further comprises allocating incentives

between the first loyalty vehicle and the second loyalty vehicle.

20

155. The method of claim 152 wherein the financial network further processes payment

by credit card.

156. The method of claim 152 wherein the step of receiving transaction-identification

25 information further comprises receiving values of the member transactions.

157. The method of claim 152 wherein member transactions comprise purchasing goods

or services, and wherein the step of receiving transaction-identification information further

comprises receiving information identifying the purchased goods and services.

30

,158. The method of claim 152 further comprising member identification devices for

providing identifying information during transactions.

159. The method of claim 158 wherein member identification devices do not have a

35 payment function, and wherein the financial network does not authorize payment by

member cards when member cards are presented during member transactions at

participants.

160. The method of claim 74 wherein the financial network further transmits messages to
5   locations where members have presented member identification devices, and wherein the
transmitted messages include indicia indicating that the member transactions have been
successfully identified.

161. The method of claim 158 wherein member identification devices have a payment
10   function, and wherein the financial network authorizes at least partial payment by member
identification devices when member identification devices are presented during member
transactions.

162. The method of claim 161 wherein the member identification devices comprises a
15   credit card, or a debit card, or a store-issued credit card, or a stored-value card.

163. The method of claim 158 wherein identification devices are issued by at least one
bank that is a participant, and wherein the bank determines an incentive amount based on
total transaction values made using the bank's identification devices.
20

164. The method of claim 152 wherein incentives comprise rebates, and wherein the
rebates received vary in dependence on both the total transaction value and on the
identities of the goods and services purchased.

25   165. The method of claim 152 wherein the participants are merchants, manufacturers, or
providers of payment services to the members.

166. The method of claim 152 wherein the loyalty vehicles further comprise direct
member incentives wherein the direct incentives comprise values which are available for at
30   least partial payment of member transactions according to the instructions of the
participants.

167. The method of claim 152 wherein the further comprising the steps of:
        a)   identifying member transactions at the participants, and
35   b)   requesting rebates from the participants according to the identified member
transactions.

168. The method of claim 152 wherein the step of receiving transaction-identification

5   information further comprises receiving information identifying the purchased goods and

services, and further comprising a step of determining rebates due variably in dependence

on the identities of the goods and services purchased.

169. The method of claim 152 wherein a member transaction performed at a participant is

10   of interest to the participant.

170. The method of claim 152 wherein a member transaction for participant goods or

participant services is of interest to the participant.

15

171. The method of claim 152 wherein the incentives comprise rebates.

172. The method of claim 152 wherein the stored transaction-identifying information

includes transaction total value and identities of transaction goods or services, and further

20   comprising a step of determining incentives rebates due variably in dependence on the

identities of the goods and services purchased.

173. A program product comprising a computer-readable medium comprising program

instructions for causing a processor to perform the method of claim 125.

25

174. A program product comprising a computer-readable medium comprising program

instructions for causing a processor to perform the method of claim 152.

175. The system of claim 1 wherein the program further causes the processor to

30   determine incentive amounts further in dependence on identified member transactions.

176. The system of claim 40 wherein the database further stores incentive-determining-

instruction information for each participant, and wherein the program further causes the

processor to determine and store incentive amounts further in dependence on identified

35   member transactions and of the stored incentive-determining-instruction information.

177. The system of claim 67 wherein the database further stores incentive-determining-

5   instruction information for each participant, and wherein the program further causes the

processor to determine and store incentive amounts

including incentive-determining-instruction information for each participant

178. The system of claim 1 wherein the loyalty program comprises a plurality of

10   participants.

179. The system of claim 40 wherein the loyalty program comprises a plurality of

participants.

15   180. The system of claim 67 wherein the loyalty program comprises a plurality of

participants.

180. The method of claim 88 wherein the loyalty program comprises a plurality of

participants.

20

181. The system of claim 1 wherein the loyalty program comprises a single participant.

182. The system of claim 40 wherein the loyalty program comprises a single participant.

25   183. The system of claim 67 wherein the loyalty program comprises a single participant.

184. The method of claim 88 wherein the loyalty program comprises a single participant.

185. The system of claim 1 wherein the financial network comprises the

30   MASTERCARD® network, or the VISA® network.

186. The system of claim 1 wherein the loyalty vehicles comprise a first and a second

loyalty vehicle, and wherein the step of allocation further comprises allocating incentives

between the first loyalty vehicle and the second loyalty vehicle.

35

187. The method of claim 111 wherein new member registration further comprises

5   receiving identifying information for a member identification device that can be processed

by the financial network for providing at least partial payment for member transactions.

188. The method of claim 111 wherein new member registration further comprises

receiving identifying information for a loyalty-program member card, or a credit card, or a

10   debit card, or a store-issued credit card, or a stored-value card.

189. The method of claim 88 wherein the participant services further comprise transaction

payment services.

15   190. The method of claim 88 wherein the loyalty vehicles further comprise an investment

fund, and wherein the composition of the fund reflects at least in part the rebates received

from the participants.

191. The method of claim 88 wherein the loyalty vehicles comprise at least one

20   investment fund for the benefit of at least one member, wherein the investment fund

includes securities.

192. The method of claim 191 wherein the securities comprise the publicly traded

securities of at least one participant.

25

193. The method of claim 125 wherein the participant services further comprise

transaction payment services.

30   194. The method of claim 125 wherein the loyalty vehicles further comprise an

investment fund, and wherein the composition of the fund reflects at least in part the

rebates received from the participants.

195. The method of claim 125 wherein the loyalty vehicles comprise at least one

35   investment fund for the benefit of at least one member, wherein the investment fund

includes securities.

196. The method of claim 195 wherein the securities comprise the publicly traded
5   securities of at least one participant.

197. The method of claim 150 wherein the participant services further comprise
transaction payment services.

10 198. The method of claim 150 wherein the loyalty vehicles further comprise an
investment fund, and wherein the composition of the fund reflects at least in part the
rebates received from the participants.

199. The method of claim 150 wherein the loyalty vehicles comprise at least one
15 investment fund for the benefit of at least one member, wherein the investment fund
includes securities.

200. The method of claim 199 wherein the securities comprise the publicly traded
securities of at least one participant.
20

201. The method of claim 152 wherein the participant services further comprise
transaction payment services.

25 202. The method of claim 152 wherein the loyalty vehicles further comprise an
investment fund, and wherein the composition of the fund reflects at least in part the
rebates received from the participants.

203. The method of claim 152 wherein the loyalty vehicles comprise at least one
30 investment fund for the benefit of at least one member, wherein the investment fund
includes securities.

204. The method of claim 203 wherein the securities comprise the publicly traded
securities of at least one participant.

35
205. A method of incentivizing members of a consumer loyalty program comprising:

a)   receiving new-member registration information for registering new member

5   of the loyalty program,

b)   identifying member transactions that are of interest to at least one of one or

more program participants, wherein the participants seek to incentivize further

member transactions, and wherein transactions made by a member are identified in

dependence on identifying information provided by the member during the

10   transactions,

c)   receiving incentives for the members due from the participants determined

in dependence on the identified transactions, and

d)   allocating the determined incentives among at least one of one or more

15   loyalty vehicles for the benefit of the members,

whereby the members are incentivized to perform further transactions of interest thereby

enhancing consumer loyalty.

206. The system of claim 205 wherein a member transaction that is performed at a

20 participant is of interest to the participant.

207. The system of claim 205 wherein a member transaction the subject of which

comprises participant goods or participant services is of interest to the participant.

25

208. The method of claim 205 wherein the identifying information is provided by member

identification devices presented by members during transactions.

209. The method of claim 208 wherein identification devices are issued by at least one

bank that is a participant, and wherein the bank determines an incentive amount based on

30

total transaction values made using the bank's identification devices.

210. The method of claim 208 wherein new member registration further comprises

receiving identifying information for a member identification device of at least one

member.

35

211. The method of claim 208 wherein new member registration further comprises a step

5   of issuing at least one member identification device that can be processed by the financial

network for providing at least partial payment for transactions of at least one member.

212. The method of claim 205 wherein new member registration further comprises

receiving identifying information for a loyalty-program member card, or a credit card, or a

10   debit card, or a store-issued credit card, or a stored-value card.

213. The method of claim 205 wherein new member registration further comprises issuing

a loyalty-program member card, or a credit card, or a debit card, or a store-issued credit

card, or a stored-value card, and wherein member identifying information comprises the

15   account information for the issued card. .

214. The method of claim 205 wherein the information identifying member transaction is

provided in cooperation with a financial network.

20   215. The method of claim 214 wherein the financial network further processes payment

by credit card.

216. The method of claim 214 wherein the identifying information is provided by member

identification devices presented by members during transactions.

25

217. The method of claim 216 wherein member identification devices do not have a

payment function, and wherein the financial network does not authorize payment by

member identification devices when member identification devices are presented during

member transactions at participants.

30

218. The method of claim 216 wherein the member identifying devices in cooperation with

the financial network cause transmission of at least one message during a member

transaction having indicia indicating that the member transaction has been identified.

35   219. The method of claim 218 wherein the indicia comprise credit-card-authorization-

declined indicia, or debit-card-approval-declined indicia, or credit-card-pseudo-declined

indicia, or debit-card-pseudo-declined indicia.

5   220. The method of claim 205 wherein at least one loyalty vehicle further comprises
direct member incentives that are available for member use in at least partial payment of at
least one member transaction.

221. The method of claim 205 wherein the participant services comprise transaction
10   payment services.

222. The method of claim 205 wherein the loyalty vehicles further comprise an
investment fund, and wherein the composition of the fund reflects at least in part the
rebates received from the participants.
15

223. The method of claim 205 wherein the loyalty vehicles comprise at least one
investment fund for the benefit of at least one member, wherein the investment fund
includes securities.

20   224. The method of claim 205 wherein the securities comprise the publicly traded
securities of at least one participant.

225. The method of claim 205 wherein the loyalty vehicles comprise a first and a second
loyalty vehicle, and wherein the step of allocating further comprises allocating incentives
25   between the first loyalty vehicle and the second loyalty vehicle.

226. The method of claim 206 wherein the step of identifying member transactions further
comprises identifying values of the member transactions.

30   227. The method of claim 207 wherein the participants are merchants, or manufacturers,
or suppliers, or providers of payment services, or providers of financial products.

228. The method of claim 205 wherein the participants consist of one of more banks,

35   229. The method of claim 205 wherein received incentive amounts are determined at least
in part as percentages of values of member transactions.

230. The method of claim 205 wherein the incentives comprise rebates.

5

231. The method of claim 205 further comprising the step of requesting incentives values that have been determined to be due the participants for the benefit of the members

232. The method of claim 231 wherein the incentives comprise rebate values.
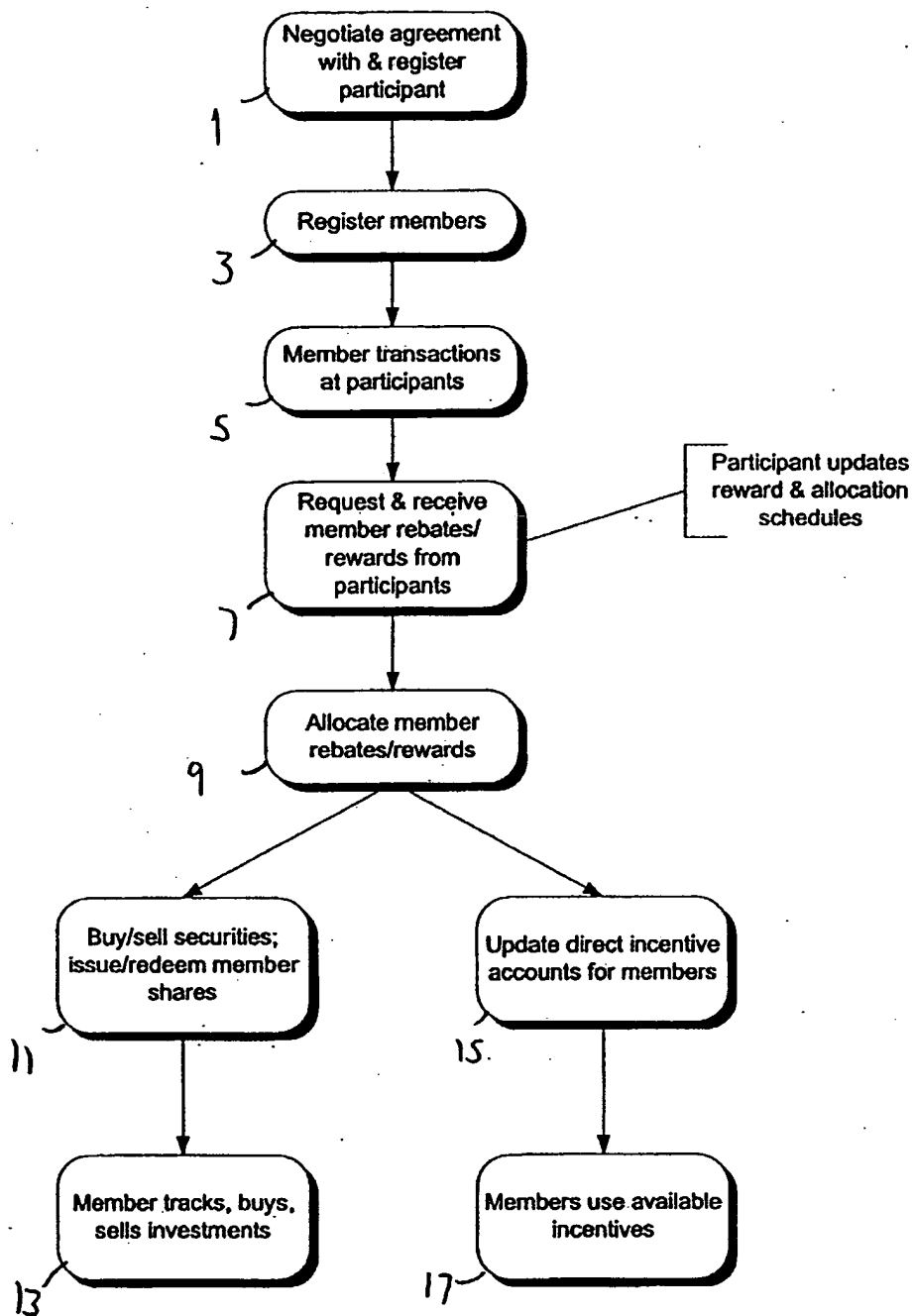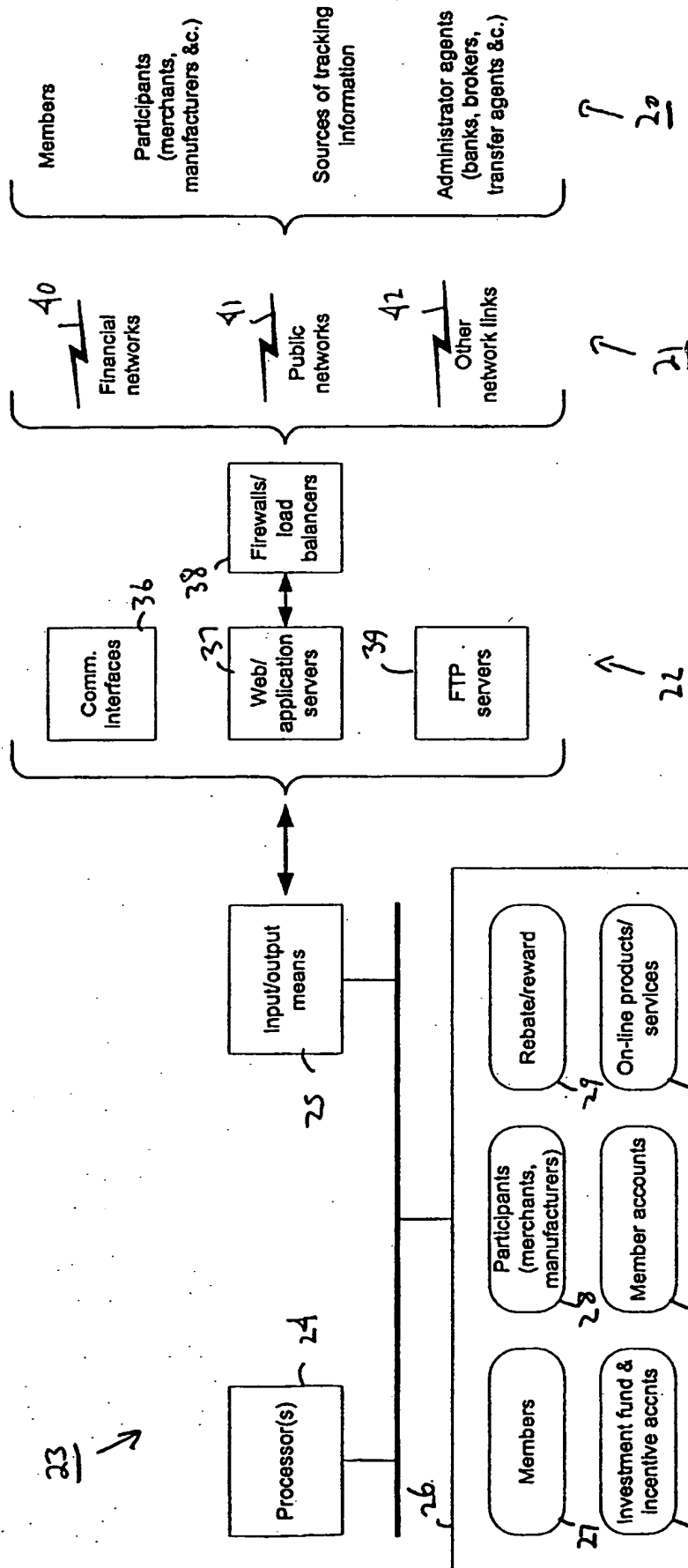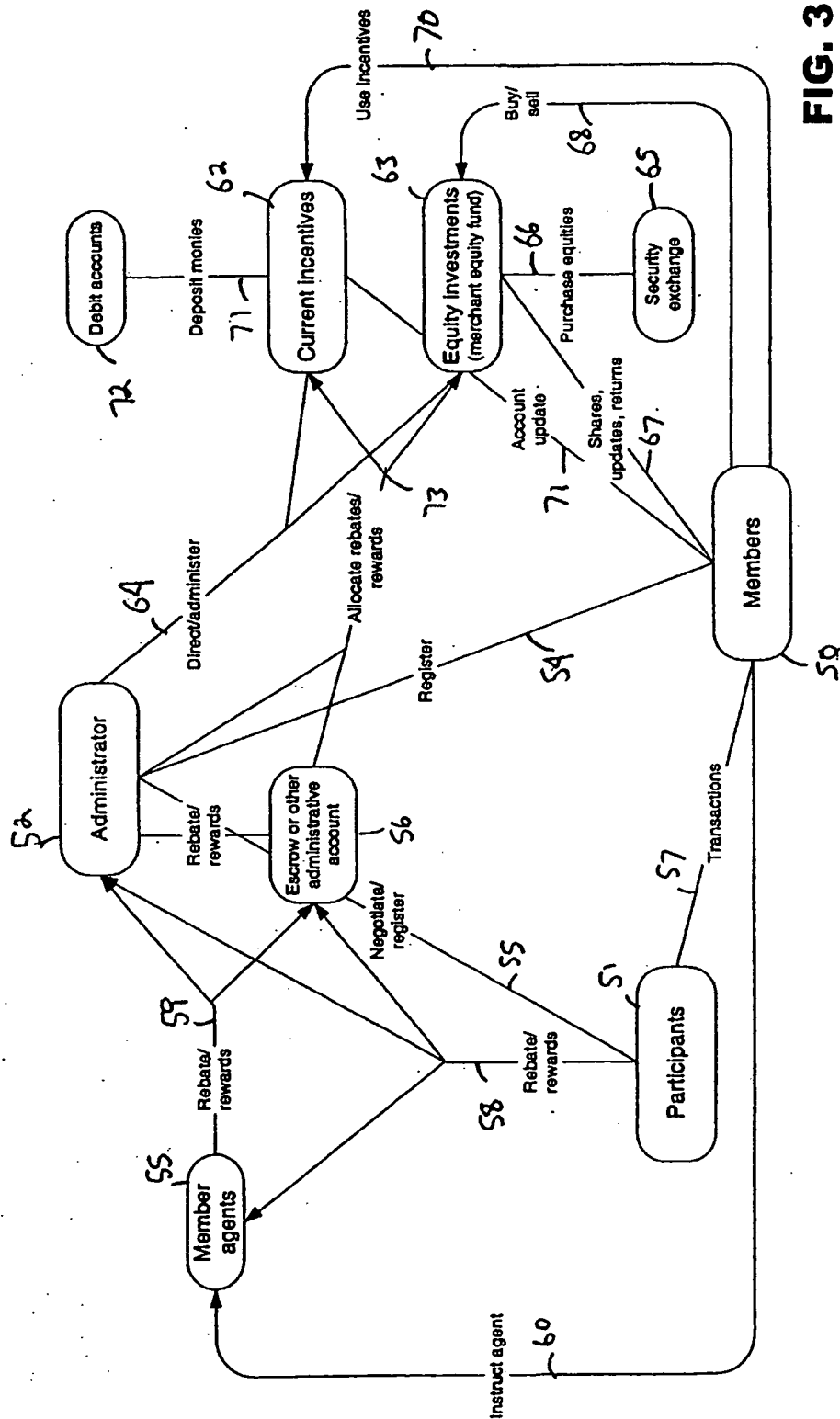
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Negotiate agreement
with & register
participant

1

Register members

3

Member transactions
at participants

5

Request & receive
member rebates/
rewards from
participants

7

Participant updates
reward & allocation
schedules

Allocate member
rebates/rewards

9

Buy/sell securities;
issue/redeem member
shares

11

Update direct incentive
accounts for members

15

Member tracks, buys,
sells investments

13

Members use available
incentives

17

FIG. 1

Members

Participants
(merchants,
manufacturers &c.)

Sources of tracking
information

Administrator agents
(banks, brokers,
transfer agents &c.)

20

40 — Financial
networks

41 — Public
networks

42 — Other
network links

21

FIG. 2

36 — Comm.
interfaces

38

37 — Web/
application
servers

Firewalls/
load
balancers

39 — FTP
servers

22

25 — Input/output
means

24 — Processor(s)

26

23

Rebate/reward
29

On-line products/
services
32

Participants
(merchants,
manufacturers)
28

Member accounts
31

Computer
programs
37

Members
27

Investment fund &
incentive accnts
30

Administrative
33

FIG. 3

broadGate: Buy the company.

Hello, Carol

Just click on the store links to start shopping with rebates on your broadGate account

Special Rebate Offers

— Featured Company Profile

Member Consumer Report

eToys
20% REBATE

@drugstore.com
15% REBATE

amazon.com
15% REBATE

Shop

Search

| merchant | |
| category | Men's Apparel |

Partner Directory

Airline Tickets
Cheap Fare, Cheap Tickets, Priceline.com, more...

Auctions
Amazon, EBay, Surplus Auction, more...

Autos
Autobytel, Priceline.com, Skymall, more...

415 **Clothing**
Eddie Bauer, JC Penny, The Gap, more...

Computers
Buy Now Computers, CompUSA, PCmall, more...

Entertainment
Audio Book Club, Music Blvd, Ticketmaster, more...

Flowers/Gifts
Cigars-r-us, Eboys, Flower Club, more...

Health/Fitness
BodyworkCentral, Sporting News, Drugstore.com, more...

Earn

07/28/99   400

402

Fund Performance

405	Fund Net Asset Value	$ 1,289.
	My Shares	4
410	My Credits	10
	Account Value	$ 100.0(

420 [My Account]   [Buy Shares] 425

430 [HYPO. CALC]   [Redeem Shares] 435

440 [MORE FUND INFO]

FIG. 4

FIG. 5A

FIG. 5B

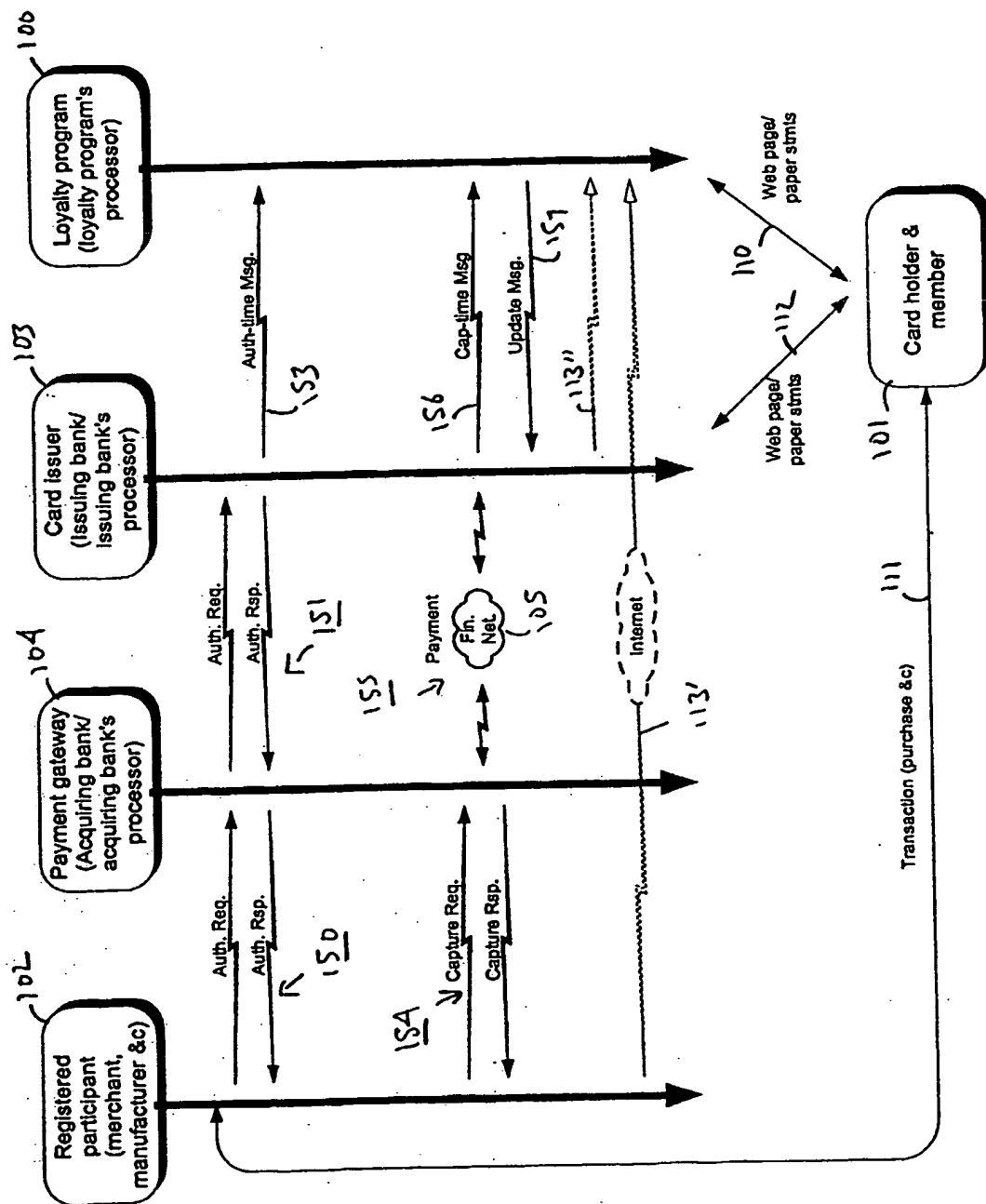FIG. 5C